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The NATIONAL UNDERWRITER

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Central Mutual Plans, Prepares And Budgets Agents' Ad Programs

By JOHN N. COSGROVE

This is another in a series on insurance company marketing developments. The advertising phase of Central Mutual's over-all marketing program is emphasized in this article.

Central Mutual packages and merchandises complete sales promotion and advertising campaigns to its agents. The company does not dump a bale of marketing materials on the agent's doorstep and leave him wondering how to use it. He is given a production blueprint, instructions for its use and constant guidance in methods of increasing his income through aggressive promotion.

Planning must start with the agent, however, the company points out. The time he spends spelling out the details of his advertising well in advance of his actual campaign can make the difference between an effective effort and dollars thrown away.

Guides Every Step

Central Mutual guides every step of this pre-planning. The agent's first job is to check all the media locally available to him. Accordingly, the company identifies in its booklet, "How To Plan Business Building Advertising," every facility that should be considered by the local producer. The advantages of each medium and the effort required of the agent in using it are explained. The agent is advised to decide which media will be best for him, keeping in mind the type of area in which he operates, the size of his market, and the type of prospects he is seeking.

After he has picked the best media for his purposes, the agent is advised to set down in detail exactly what he intends to do in advertising for at least six months to a year ahead. In this way he will avoid hasty planning from month to month. He will know what months he wants to "hit hardest" and what he wants to advertise at different times.

Finally, he is advised to budget for greatest advertising impact—to set aside a definite amount for the entire year. This should be broken down by the amount he wants to spend on

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Competition Also A Matter Of Service, Herd Tells McHugh

Testifies At Subcommittee Hearings; Answers Charges Of North America's Diemand

J. Victor Herd, chairman and president of America Fore, testifying for National Board at the Senate antitrust and monopoly subcommittee hearings in Washington, declared that he knew of no board action designed to lighten competition in the market place. Donald P. McHugh, subcommittee counsel, interrogated Mr. Herd at a session presided over by Sen. Kefauver.

Outside Board Constitution

Problems of meeting competition from companies selling at lower rates are outside the constitution of the board, Mr. Herd noted. He added that competition is not limited to rates but also includes service.

Mr. McHugh inquired whether the board's executive committee in a 1955 report had favored compulsory membership in rating bureaus. Mr. Herd deferred to J. Raymond Berry, general counsel of the board, who stated that a subcommittee had submitted a report to the executive committee, but the latter declined to approve it. Mr. McHugh wondered if Mr. Herd, as a member of that subcommittee had subscribed to its report. Mr. Herd said that he had never endorsed mandatory bureau membership.

Specific Query

Switching from questions of broad principle, Mr. McHugh referred to the fact that Commissioner Thurman of Kentucky is a former employe of America Fore, and asked about his pension. Mr. Herd stated that it was non-funded and non-vested. Mr. McHugh wondered if Mr. Thurman's status as an America Fore pensioner did not involve a "serious question of public policy," since the company controls the pension continuance. Mr. Herd saw no such involvement, since the company has uniformly insisted

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Royal-Globe Has Merit Auto Plans

Royal-Globe has adopted the rate filings of National Bureau and National Automobile Underwriters Assn. in Pennsylvania, Iowa, Nebraska, and Missouri, which are effective Sept. 1, and will introduce its new economy Red Shield auto policy in those states on that date. The company will continue to write the family auto policy in those states. A new safe driver plan will be applicable to both Red Shield and the family form.

The Red Shield program provides for a continuous policy form renewable every six months; single limits of liability; signed application; cash transactions; elimination of coverage duplication; limited options in coverage combinations; simplified clerical procedures, and streamlined electronic processing.

All multiple line companies of the group will write Red Shield, and no special licensing of agents in a single company will be required.

The policy is designed in book form, and printed in three colors with illustrations. It provides a complete pocket to hold the declaration form and other pertinent material.

A new Red Shield auto department has been created by the company for efficient handling of the new policy.

Hayes Joins Davis In Opposing Long In La.

Commissioner Rufus D. Hayes of Louisiana has announced he will seek succession to that office on the ticket headed by Jimmie Davis, former governor, who is opposing Gov. Earl K. Long in the primary Dec. 5. Edgar Coco, state director of registration, has joined Gov. Long's ticket.

Other announced candidates for commissioner include C. Joseph Blanchard, a New Orleans agent; Harley McCall, Lake Charles agent, and Paul Tate, city attorney of Mamou.

Plan To Establish Springfield Life

A recommendation to form Springfield Life as an additional member of Springfield-Monarch group will be submitted to Springfield F.&M. stockholders at a special October meeting.

With establishment of Springfield Life, which will be chartered to write both participating and non-participating policies, as well as all A&S forms, Springfield-Monarch will be able to offer complete protection facilities. Monarch is incorporated in Massachusetts where law prohibits a company from writing both participating and non-participating covers. Monarch writes the participating form.

It has been recommended that the new company be incorporated in Vermont where the law permits the writing of both types of life. Administrative operations will be conducted at the home office.

Agricultural Opens Western Department

Agricultural is opening Sept. 1 a new western department at St. Paul. Paul B. Olinger, secretary, who has been in the home office production department, will be manager. He was formerly state agent in the upper midwest area. E. J. Dickey Jr., vice-president, will coordinate the east-west operations.

The new office will have supervision over Iowa, Minnesota, North Dakota, Wisconsin, and the upper peninsula of Michigan.

American Raises Marion

American has appointed Charles H. Marion bond supervisor at Trenton.

He began his insurance career as a bond field representative in Pennsylvania for Aetna Casualty in 1952. Later, he was a bond manager for Manufacturers Casualty before joining American's bond department at Philadelphia in 1956.

July Fire Losses Show 1.9% Increase

Fire losses in the U.S. in July amounted to $82,334,000, a 1.9% increase over July, 1958, according to National Board. The July total is up by 5.7% over losses in June, 1959.

Losses for the first seven months of 1959 totaled $643,200,000, a decrease of 2.8% from the similar period of 1958.

To Vote On Increasing Capital Of Combined

Stockholders of Combined of Chicago will vote Sept. 11 on a proposal to increase capitalization from $1.2 million to $1.5 million. If adopted, the increase will be made by issuing a stock dividend of one share for every four shares held as of Oct. 2.

Approve North America Deductible Filing In Ohio

The Ohio department has approved an independent filing by North America which allows a $1,000 deductible on such institutional properties as schools, museums, hospitals, churches, and their contents, with rate reductions up to 40%.

"THAT'S THE 10TH SESSION OF THE SUBCOMMITTE OF THE COMMITTEE INVESTIGATING COMMITTEE MEETINGS."

upon application of its retirement plan which was started in 1910.

Mr. McHugh covered the waterfront in the rest of his interrogation. Responding to varied queries, Mr. Herd said that General Adjustment Bureau did not, to his knowledge, deny service to deviating companies. On the recurring subject of rates, he declared that companies sometimes voluntarily take the initiative in moves leading to their reduction or to credits for insured. He noted that fundamentally the job of calling attention to possible rate reduction falls upon insured, the producer or an engineer.

At one point, Mr. Herd observed that his group had within the past 60 days launched in several states a program to meet direct writer competition. His reference was to America Fore Loyalty's new Incentive auto program for careful drivers. This includes the new policy of National Bureau and National Automobile Underwriters Assn. approved effective Sept. 1 in Iowa, Missouri, Nebraska and Pennsylvania. With this policy and with the present family cover, the group is adopting a safe driver plan to be issued through Seaboard F.&M. Mr. Herd observed that producers are in a much better frame of mind nowadays "to cooperate with our type of company." In his view, the present situation in the business represents the "quintessence of democracy."

Need For Bureaus

Harold L. Wayne, general manager of Inland Marine Underwriters Assn. and of Inland Marine Insurance Bureau, put in a statement which emphasized that the need for rating bureaus has been more than amply demonstrated by the previous testimony in the anti-trust hearings. Mr. Wayne was originally called to testify, but was subsequently excused.

He noted that the dependence of independents upon bureaus is demonstrated by their own spokesmen, who in effect suggest that bureaus be recast in a mold to fit "their own views, whims and fancies and not the lawful desires of the members who create and support them." In his opinion, independents would be the last to want bureaus to be disbanded or to cease filing standardized forms and rates which the independents may either adopt or depart from for competitive purposes.

Answers North America

Mr. Wayne dissected subcommittee testimony of John A. Diemand, president of North America, noting that from time to time, company officials, like everyone else, change their minds. He referred to Mr. Diemand's criticism of rating organizations and trade associations, and to his statement that since North America concluded it could no longer stand certain restrictions, it began in 1945 to withdraw from these groups. The company withdrew from Mr. Wayne's organization in 1952. However, he pointed out, North America took a leading part from 1945 on, in the formation of IMIB and in reformation of IMUA, and until its resignation had an official on the executive committees of both. In fact, G. Brinton Lucas, vice-president of North America, was the first executive committee chairman of IMIB, in 1945-46.

Mr. Wayne recalled a statement of Mr. Diemand: "Our withdrawal from these organizations only served to accelerate the opposition of their companies to our attempted independent actions. One of the earliest and most memorable of these efforts was the attempt to block the use of the installment premium endorsement which we innovated."

Reviews The Record

However, the records of IMUA show that as early as 1934, a special committee of that group, of which Ludwig C. Lewis, vice-president of North America was a member, recommended that premium collections on an installment basis be prohibited. Again, at a meeting later in 1934, at which Mr. Lewis represented President Rush of North America, then also president of IMUA, a resolution was unanimously adopted that all annual and three year premiums were due and payable at inception. This position was reaffirmed in 1941 by the executive committee of which R. Bruce Miller of North America was a member. Subsequently, this group reversed its position and authorized installments on three year policies. The members, "including the representatives of North America," had changed their minds.

Continues Statement

Mr. Wayne's statement continued: "Mr. Diemand referred at considerable length in his statement to the so-called inland marine definition. He alleged, among other things, that the definition was first adopted in 1932 by an industry group, and that in the definition itself, its stated purpose was to determine what kinds of insurance coverage may and may not be written in the U. S. Mr. Diemand also said: 'It should be noted that the definition was and is a private mechanism for restricting the exercise of legal rights conferred by state statutes upon individual insurance companies. Even though a company is permitted under its charter powers to write a form of coverage, the definition may prevent it from writing such coverage.'

Mr. Wayne's statement outlined a number of what he termed "historical and documented facts" which in his view should make it clear that the statements made by Mr. Diemand were unwarranted, unfounded, and unsupported.

Cites Advances

He noted that the inland marine business had made great progress under the definition. Further proof that bureau activities foster rather than impede competition is evident in the fact that in 1930 there were 175 companies writing inland marine in New York, and by 1957 there were 264, including 52 mutuals and 9 reciprocals. Incidentally, he observed, no company except North America has complained of harassment.

Mr. Wayne said that, without wishing to detract from or disparage the part played by North America in the innovation of package insurance, he could not refrain from pointing out that all marine and inland marine policies are packages—although perhaps not as all inclusive as those newly devised. Marine packages have been written for generations in the U. S.

Each new package form represents an experiment. The potential loss to a company under each such policy is often several thousand times the premium. The infinite possible variety of such policies staggers the imagination. A wrong guess or faulty evaluation of the loss potential could be extremely costly and might wreck a company. Only orderly experimentation offers the possibility of success. Disorderly efforts can result in ruin. Through collective thinking of the experienced men available to bureaus

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Whitcombe To Head Regional Office Of Hartford At Cincinnati

Hartford Fire is establishing a new departmental office at Cincinnati and has appointed Earle S. Whitcombe manager. The new department, which will begin operations late next spring, will supervise Ohio, Kentucky, Tennessee, West Virginia and part of Indiana. The staff will include representatives of affiliated companies to carry out an autonomous group operation.

Has Been In Western Department

Mr. Whitcombe, with the company since 1929, has been assistant manager of the western department at Chicago since 1941. Previously he was assistant superintendent of the marine department at Chicago, and engineer and special agent at St. Louis, and at Rockford, Ill. He was with Illinois Inspection Bureau as an inspector, engineer and office manager before joining the company.

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U. S. F. & G. Joins U. S. A.

U.S.F.&G. has joined Underwriters Service Assn. effective Sept. 1. Other active members of U.S.A. are Aetna Casualty, Aetna Fire, Agricultural, American, Boston, Camden, Great American, Hanover, National Union, Niagara, Northern of London, Pennsylvania Fire, Phoenix of Hartford, Providence Washington, Reliance, Royal, St. Paul F.&M., Springfield F.&M., Travelers and U. S. Fire.

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Stuyvesant Elects Wills Chairman, Olson President

F. Reed Wills has been elected chairman and chief executive officer of Stuyvesant. He is succeeded as president by Maurice G. Olson, who has been executive vice-president since 1955.

J. Bowling Wills, vice-president since 1957 and a director, has been advanced to executive vice-president.

With Company Since 1945

F. Reed Wills is president of General Acceptance Corp., and has been president of Stuyvesant since its acquisition by General Acceptance in 1945.

Prior to joining the company, Mr. Olson was superintendent of agents at Milwaukee of Continental Casualty for eight years.

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New NAIIA Directory

National Assn. of Independent Insurance Adjusters has gotten out the 1959 edition of its membership directory which lists also the code of ethics, the NAIIA officers and committee members.

The list of membership is shown by city within each state, and there is an alphabetical list of members as well.

Black Gives Views Of Rating Bureaus, Their Importance

WASHINGTON—Kenneth E. Black, president of Home, told the Senate anti-trust and monopoly subcommittee that Home is a member of more than 200 organizations and that the memberships cost the company $4 million a year. Mr. Black appeared for himself and his company. He had been asked to speak for Inter-Regional Insurance Conference but indicated that he was not in a position to do so.

Donald P. McHugh, counsel of the subcommittee, cited evidence that in 1956 Mr. Black believed the rating laws should be changed to provide for a single rating bureau per state with membership mandatory and rates based on the experience of all companies.

"Are those still your views?"

They were at that time, Mr. Black said. In subsequent testimony he indicated that his views had changed somewhat. At one point he said he thought the deviation section of the all industry rating laws needed clarification. It was fashioned before the widespread use of package policies involving several lines of coverage. The section is not tailored to meet the problems confronting the business today.

Would this clarification be for the purpose of avoiding administrative hearings?

To Award Litigation

For the purpose of avoiding litigation, Mr. Black replied.

And speeding deviating action? Yes.

In response to a question from Sen. Kefauver, chairman of the subcommittee, Mr. Black said he favored abolishing the regional organizations. Sen. Kefauver said he was disappointed at that. Mr. Black said the formation of a national advisory organization was not the serious problem Sen. Kefauver had characterized it. The move will actually strengthen regional ties, Mr. Black said.

Activities Of Committee?

Mr. McHugh questioned Mr. Black on the activities of the committee of chief executives named by National Board to take up the problem of what to do about partial subscribership and independent filings. Mr. Black was a member of that committee. Mr. McHugh called attention to a report of the committee dated Dec. 8, 1955, regarding the situation in Pacific Fire Rating Bureau territory. This had particular reference to what course the bureau should take in connection with attempts to have adopted changes in the rules relative to partial subscribership. The committee recommended support of the position taken by the bureau.

That position was that there should be a single fire rating organization with membership mandatory. As to deviations, they should be for 12 months; they should not be approved without hearing; the rating bureau should be notified; the bureau should be recognized as an interested party with the right to be heard; and the deviation should be supported by experience in the state or region.

"What action was taken by National

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Functions And Services Of Fire Rating Bureau

McHugh Says Anti-Trust Frowns On Refusal To Sell Services To Anyone

WASHINGTON—The questioning of witnesses for New York Fire Insurance Rating Organization by Donald P. McHugh, counsel of the Senate anti-trust and monopoly subcommittee, sought to bring out that:

—NYFIRO rating is not scientific.

—The bureau's services are not for sale to anyone who wants to buy, a practice "anti-trust frowns upon" and one that may have something to do with NYFIRO's "effort to discourage independent action."

Kenneth O. Smith, general manager of NYFIRO, and Abraham Kaplan of Powers, Kaplan & Berger, counsel, handled the testimony and answered questions. Paul W. Newman, 2nd vice-president of Travelers Indemnity, and chairman of NYFIRO's governing committee, was on hand.

Mr. Kaplan made a preliminary statement about the North America independent filing for discounted dwelling rates. He said NYFIRO's contention of unfair trade practice in that case was based on whether a company member or subscriber to which the bureau's work product had been merely loaned could take the work product, paste it up, and call it an independent filing. The department held that it did not have jurisdiction to determine whether that violated the state's unfair trade practice act, and it was this decision that the courts upheld. The question of whether North America violated the practices act was not decided, he said.

Asks About Rating

"Do your have statistics to support debits and credits on schedule rated risks," Mr. McHugh asked Mr. Smith. For example, does a certain thickness of wall earn a certain credit?

Not exactly, Mr. Smith said. The number of fire extinguishers and much other information would go into the inspector's report. A rater then applies the appropriate schedule credit or debit.

Mr. McHugh persisted in this line of questioning. Mr. Smith observed that there are so many filed items for credits it would be an encumbrance to keep a statistical record of each factor.

"So you don't have the statistical record to support debits and credits?"

"For the reasons I have stated," Mr. Smith said.

Mr. McHugh said that from the report by the New York department on its examination of NYFIRO, a base rate is charged all risks and then other items are added so that the bureau has no statistical base for rates. They are based on judgment.

Mr. Smith said he could cite many examples of how judgment is backed up by long experience, improvements in the installation of sprinklers for example.

Membership Imperative?

Since most companies have to have access to information NYFIRO has, that makes it imperative for them to belong to the bureau, Mr. McHugh suggested.

Mr. Smith disagreed. The grading

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Smith Denies Harassment Of N.A. And Others, Charges That Reverse Is True

WASHINGTON—The "case" for the fire rating bureau, about which so many unkind things have been said by witnesses before the Senate anti-trust and monopoly subcommittee, was put ably and comprehensively in a prepared statement presented by K. O. Smith, general manager of New York Fire Insurance Rating Organization. Mr. Smith was flanked by Abraham Kaplan of the New York law firm of Powers, Kaplan & Berger, NYFIRO counsel. Paul M. Newman of Travelers Indemnity, chairman of the governing committee, was on hand but did not testify.

A number of contentions have been made by witnesses appearing before the subcommittee which are inaccurate and misleading, Mr. Smith declared. These he answered one by one:

NYFIRO initiated no campaign of harassment against deviators and independent filers. It pursued its legal rights to contest rates which, in its opinion, were inadequate and in violation of the insurance law.

The purpose of NYFIRO in actions involving North America and Allstate was not to prevent independent competitive action or to maintain rigid uniform rates and policy forms. It was to protect cooperative rate making against what, in its opinion, was unlawful competition by loss leaders in violation of the insurance law.

Standards For Filings

Any provisions in the all industry rating bill "designed to guarantee" so-called "competitive freedom" are subject to the requirement that all filings must conform to the standards that rates must be reasonable, adequate and free from unfair discrimination.

NYFIRO was not trying to prevent competition, but only seeking reasonableness of competition in conformity with the standards of the rating law.

The right of North America to have competitive rates has not been "in litigation for five years."

Small insurers could not follow an independent course if it meant filing rates to compete with inadequate rates. Small companies, subject to this kind

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Inter-Regional's Functions Are Described, Nationalization Defended

WASHINGTON—Charles M. Close, executive vice-president of Great American and a member of the executive committee of Inter-Regional Insurance Conference, outlined the reasons for that organization. Charles P. Butler, general counsel, and Royal M. Beckwith, manager, also testified.

Local rating bureaus for the fire insurance business have existed in the states many years and they perform many specific functions such as inspection of risks, stamping and auditing of policies, filing of rates and forms with the states, Mr. Close said. Because of the local nature of their interests, over the years many differences in rating principles and practices have developed and it became desirable to have some national organization to coordinate such principles and practices and to assist in eliminating conflicts and inconsistencies.

Economy And Efficiency

Moreover, in the interest of economy and efficiency, it was thought desirable to avoid duplication by the rating bureaus of research relating to development of forms and rates for property insurance and to concentrate such activity in one national organization with the results being made available to all rating bureaus. These were the reasons for the creation of Inter-Regional.

The four regional bodies act in a similar capacity assisting local rating bureaus in their activities. Southeastern Underwriters Assn. also acts as rating organization in five southern states. Since the advisory activities of the regional bodies were confined to their own geographical areas, it was still desirable to have one national organization to coordinate the whole.

An Advisory Organization

The conference is an advisory organization under rate regulatory law which defines it as "one which assists insurers which make their own filings or rating organizations in rate making, by the collection and furnishing of loss or expense statistics, or by the submission of recommendations, but which does not make filings under this act." As an advisory organization, IRIC is required by law to file with insurance departments a copy of its constitution and by-laws and such other information as departments may require. IRIC is subject to examination by departments. The insurance laws also authorize the commissioner to order discontinuance of any acts or practices of any advisory organization which he finds unfair, unreasonable or otherwise inconsistent with the provisions of this act.

IRIC also meets with trade associations representing insurance buyers and confers with agent and broker representatives on problems of mutual interest. With the advent of multiple line forms of coverage, it has been necessary for IRIC also to deal with package forms of coverage in so far as they include fire and allied perils.

Coordinates Activities

It is the purpose of the conference to develop a practical coordination of the practices of the various regional bodies and local fire rating bureaus on matters of nationwide concern.

Mr. Close related several of the activities of IRIC. In 1956 and 1957, it began a study of the application of available loss and expense statistics in the adjustment of rate levels. This entailed a detailed investigation of current rate making practices and revealed an inconsistent pattern. The generally prevailing unsatisfactory underwriting results emphasized the necessity of careful examination of practices and consultation with all regional and rating organizations. From research, consultation and studies conducted by Inter-Regional there was developed a set of basic principles for the adjustment of rate levels which was recommended to rating organizations nationwide.

IRIC, urged by commissioners, was revised and today, as revised, it is uniform in 41 states.

IRIC developed for every rating bureau a recommended procedure for rating bureau review of the over-all fire rate level by states. This procedure was designed to utilize to the fullest the pertinent available fire loss and expense statistics developed by the actuarial bureau of National Board. The recommended procedure provided a sound reflection of current loss and expense trends, largely by emphasizing the loss and expense experience of

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Program Set For Minnesota Agents' Annual Sept. 10

Much attention will be given to life and A&S at the annual convention of Minnesota Assn. of Independent Insurance Agents Sept. 10-11 at Duluth. Peter J. Devine, manager at Minneapolis of Occidental Life of California, will talk on "Life, Accident and Health—a Part of Your Agency."

Commissioner Magnusson of Minnesota will open the meeting and other speakers will be Archie M. Slawsby, president of National Assn. of Insurance Agents, and Curtis M. Elliott, professor of insurance at University of Nebraska and educational consultant of NAIA.

Breakfast meetings for farm and metropolitan agents will open the second day's program, which will include talks by Eugene F. Gallagher, fire and marine manager of Standard Accident, and G. S. Schoettle, Western Adjustment, Minneapolis.

What action the association should take on commission reductions will be considered by a panel of the executive committee at the closing session. The budget, dues, finances and Road Aid will be discussed at that time.

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Alabama Fire Underwriters Assn. has elected Gordon Earhuff, St. Paul F.&M., president; G. W. Foote, U.S.F.&G., vice-president; R. C. Britt, America Fore, secretary-treasurer, and R. J. Peterson, New Hampshire, chairman of the executive committee.

Hyde Book Designed To Stir Newcomer's Interest In Insurance

By BERNARD P. McMACKIN Jr.

Insurance Simplified by William A. Hyde, a new book published this week by the National Underwriter Company, is reviewed here by associate editor of The Fire, Casualty and Surety Bulletins.

Perhaps someone will do a study one day—it would be a good move—to find out how many really good men (and women) are lost to insurance careers because practically nothing has been done about giving likely new people a "feel" for our business. The thought strikes home in a particular way when one drifts through the lobby of a convention hotel, even well into the wee hours, and sees little clusters of insurance men still at it—discussing the insurance business! If a business will put this much fire into one group of men, why do others drift away from it practically before they get started?

Has Own Ideas

William A. Hyde, whose present duties are actuarial but whose colorful insurance career covers the waterfront, has long had his own idea about this. The trouble, he has told many of us, is that too little attention is given to the dual problem of instruction and motivation of promising recruits, as a dual problem. Sometimes technical indoctrination is very good (not often though) and sometimes new employes are given a downright inspirational picture of the business. But, these qualities are so seldom hand in hand in a company's or agency's early dealings with its new men and women.

To Mr. Hyde, who had to wrestle with this problem because he was given a leading role in the training and indoctrination of freshmen in his organization, the practical answer would be a book. A thinking man's planner, Mr. Hyde sent up scores of mimeographed trial balloons before he had what he wanted.

Just Off The Press

What he wanted is off the National Underwriter Company presses this week in the form of a 282-page book which may have a lot to do with keeping those better men and women on the payroll while they catch the aforementioned spirit. The book, Insurance Simplified, sells for $6.50 and is available for immediate shipment through the National Underwriter Company home office, 420 East Fourth Street, Cincinnati 2, Ohio, or any of the company's field offices. Quantity prices are available.

"What is insurance and why is it important?" asks Mr. Hyde in his first chapter. He uses five everyday examples of insurance at work, on the respectable theory that it is best to capture interest by making it possible for the reader to put himself into the situation under discussion. Deft manipulation of these examples brings Mr. Hyde to a definition of his subject, followed by an exercise on the principles of insurance which is, at that point, in perspective and considerably less ephemeral than it might be, handled otherwise.

Then there is a chapter which classifies companies and coverages. By the third chapter, the author has decided it is time for more particularized treatment. It is entirely in line with the interests of perhaps a majority of us in the business that he does this from the base of automobile insurance. Step three of the progression—that is, Part C of the book—has the general title "Kinds of Insurance Other Than Automobile," consisting of eight chapters of sensible discussion of the property, liability and life and A&S coverages.

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Rose Heads Surplus Unit Of Continental Casualty

Continental Casualty has appointed Robert Z. Rose superintendent of the excess and surplus lines division. He joined Continental Casualty in the reinsurance division in 1954. He was transferred to the excess and surplus department as chief underwriter in 1957.

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Pacific Of N.Y. Moves In Chicago

The Chicago offices of Pacific of New York group have been moved to a new location next to the old quarters in the Insurance Exchange Building. The room number remains the same, A-920. F. J. Pocquette, secretary, is in charge.

Changes Made In Ark. BI Rules And Forms

LITTLE ROCK—Sweeping changes in forms and rules for writing business interruption insurance have been announced by Arkansas Inspection & Rating Bureau as the two-item contribution forms Nos. 1 and 2 were withdrawn. Revised gross earnings forms Nos. 3 and 4 became the basis for all future BI cover with options of excluding, by endorsement, ordinary payroll expense—or limiting such coverage to 90, 120, 150, or 180 days.

N. Y. Court Rules On Two Cases Of High Spirits

The New York appellate court has overruled the State Workmen's Compensation Board and denied benefits to Mrs. Israel Herman of Brooklyn whose husband died following a drinking bout at a Christmas party held by his employers, Greenpoint Barrel & Drum Reconditioning Co. The board had awarded her $2,430 for seven months, and $30 weekly thereafter, and the employer appealed the verdict.

The court noted that Mr. Herman had competed with a fellow worker to see "who could drink the other under the table," and ruled that this excessive use of alcohol "departed from any rational relationship to his work."

In another decision on an appeal by C. A. Production Co., the court upheld an award to John Martin, a dancer in the musical comedy, "Where's Charley," who was injured by a drunken guest at a party given by Ray Bolger, star of the show, to mark its closing. The court agreed with the WC board that members of the cast were expected to attend the party, and that Mr. Martin's appearance at the affair, held on the stage where the show had been given, was a continuance of his employment.

Buck Pa. Reserve Law

Seven large Pennsylvania mutual insurers have asked Dauphin county court to declare unconstitutional the law that exempts mutuals with less than $75,000 annual premium writings from state reserve requirements. The large companies claimed that the law is contrary to "equal treatment" provisions of the state constitution and asked that the insurance department be restrained from enforcing it.

N.Y. Agents Set Regionals

New York State Assn. of Insurance Agents will hold regional meetings at Geneva, Oct. 6; Batavia, Oct. 7; Jamestown, Oct. 8; Glens Falls, Oct. 12; Plattsburg, Oct. 13; Watertown, Oct. 14; Garden City, Oct. 20; Poughkeepsie, Oct. 21; Utica, Nov. 2; Binghamton, Nov. 3, and Elmira, Nov. 4.

With the exception of the Garden City affair which will run all day, the meetings will begin at luncheon and conclude at 5 p.m., thus eliminating the customary dinner. Another innovation will be separate programs for agency girls, presented by the Federation of New York Insurance Women's Clubs and New York Telephone Co. Sessions will be devoted to office problems.

New Hampshire Had Improved First Half

In the first half of 1959, New Hampshire had an underwriting loss of $453,243 compared with a loss of $1,402,871 in the same 1958 period. Premiums written were $23,084,509 against $20,617,176. Policyholders surplus rose to $27,067,481 from $26,636,556 at the end of 1958.

For the first half of 1959, loss ratio to earned premiums was 61.3 and expense ratio to written premiums was 37.62 compared with 64.05 and 39.49 for the same 1958 period. Investment income was $877,010 against $847,621. Operating income was $423,767, or $1.06 a share, contrasted with a loss of $515,490, or $1.29 a share, at the half in 1958. Assets rose to $84,723,758 from $83,624,218 at the end of 1958.

Henderson, Sedille Make Change

SEATTLE—John B. Henderson, who has been in adjusting work here for 20 years, has taken over management of Seattle Adjusting Service from Eugene Sedille, who has opened a local agency under his own name.

Glens Falls' Loss, Volume Up At Half

Glens Falls had an underwriting loss of $2,700,340 in the first six months of 1959 compared with a loss of $1,849,564 for the period in 1958. Premiums written were up by 7.3% to $43,389,734. Investment income increased 5.6% to $1,822,616. Net loss was $896,187 compared with a loss of $135,122 for the first half of 1958. Policyholders surplus was down to $56,276,512 from $56,473,589 at Dec. 31, 1958.

Loss ratio to premiums earned was 65 and expense ratio to premiums written was 39.6 for a total of 104.6 compared with 103.9% at the half in 1958. Combined ratio for the 12 month period ending June 30, 1959 was 101.4% and net operating income was $1,490,925 compared with 103.7% and $736,598 for the 12 months ending June 30, 1958.

George D. Mead, president, reported that the combined ratio in the second quarter of 1959 was 100% against 109.6% in the first quarter. He noted that Glens Falls now owns 45% of the shares of National Life of Canada which at June 30, 1959 had total insurance in force of $336 million compared with $318 million at the end of 1958. The life affiliate began operations in New York last April, and by the end of July had approximately $1 million of ordinary life in force there.

Lynn Joins General Re

Harry M. Lynn Jr. has joined General Re as a claims attorney. He had been with Maryland Casualty since 1948, most recently as claim manager at Atlanta.

Great American Reserve Buys Fire, Casualty Co.

All of the stock of Capital of Austin, Tex., which discontinued writing business last year, has been purchased for $274,673 by Great American Reserve of Dallas, which is headed by Travis T. Wallace. According to C. H. Langdeau, statutory receiver and liquidator for the Texas department, receiver's claim to 20,000 shares of Capital stock as an asset of Highway Ins. Underwriters, a reciprocal which went into receivership May 21, 1958, had been perfected.

Sale of the company was approved by Commissioner Harrison and it will be moved to Dallas and operated under its new charter name of Great American of Dallas F.&C. Mr. Langdeau stated that approximately $300,000 has been recovered in the liquidation of Highway, which has claims filed against it for $1,180,000. Also, a suit against Eagle Reciprocal Exchange was necessary to secure title to all of the stock of Capital.

Mr. Wallace will serve as president of the life company's running mate and all officers and a high percentage of other life company personnel are to serve in a dual capacity for the fire and casualty affiliate. Stockholders of Great American Reserve, a majority of whom are employed in the home office and in the field, will own the entire assets of the new company, which now has a capital structure of $1 million. No stock will be available for outside purchase. It is anticipated the first policies will be offered to the public, exclusively through the life company's field force, in late September or early October.

Cox To Resolute Loss Post

Resolute has appointed Howard W. Cox secretary in charge of the loss department, succeeding the late Allen C. Ward. Mr. Cox joined Service Ins. Companies in 1949 and has been assistant secretary and claims manager of that organization since 1954.

Maryland Casualty In Volume, Loss Rise

Maryland Casualty had an underwriting loss of $3,139,298 for the first six months of 1959 compared with a loss of $2,879,145 for the same period of 1958. Premiums written were up by 8.1% to $71,176,021. Policyholders surplus was $72,070,835, an increase of $9,961,052 over last midyear. Investment income was $2,926,890, a gain of $205,295.

Excluding capital gains, the company had an operating loss of $236,830 for the half, compared with a loss of $192,937 for the same 1958 period, without giving effect to a 1958 federal tax refund of $2,759,497. Including equity in the $5,534,087 increase in the unearned premium reserve, net earnings were 95 cents a share compared with $1.27.

William T. Harper, chairman and president, reported substantial underwriting improvement in the second quarter, with a profit in both May and June after losses in the previous four months.

Western C. & S. Reports Good First Half Gains

New highs in written premiums, assets, reserve funds and surplus were reported by Western C. & S. in the first half of 1959. Net premiums were $25,384,717, a gain of $5,195,152 over a year ago, and premiums earned of $21,754,740 were up $2,222,454.

The combined loss and expense ratio of 97.41% indicated a profit margin of 2.59%; underwriting loss was $755,633, compared with a profit of $299,738; gain from investments was $626,122, against $490,486; net loss was $169,311, compared with a profit of $554,660, or $1.11 a share on the capital stock.

Reserves for unearned premiums were $32,583,095, against $26,554,771; reserves for loss were $18,131,687 against $16,892,603; earned surplus was $15,134,927, against $9,426,633. Admitted assets were $70,033,761, compared with $56,396,687.

Glaspey In Mo., Kan.

American Surety has appointed Donald W. Glaspey special agent at Kansas City. He will supervise western Missouri and Kansas.

Hudson Joins Hoffman-Voth Agency

William J. Hudson has joined the Hoffman-Voth agency at Wichita, Kan. He was formerly with Travelers there, specializing in life, A&S and group.

Paul Synor Named V-P Of Central National

Paul J. Synor has joined Central National of Omaha as vice-president, secretary and comptroller. In business and insurance for 30 years, he has been secretary of National Union and vice-president, secretary and comptroller of the U.S. branch of North British. He has been on the faculty of University of Pittsburgh school of sciences and the Robert Morris school of business.

Paul Synor

Barrett Was With F.&D.

S. Hugh Barrett Jr., whose death was reported in the Aug. 14 issue, was manager of Fidelity & Deposit at Miami and had been with the company there for 27 years. The company name was erroneously reported as Fidelity & Surety.

American F. & C. Shows Second Quarter Gains

American Fidelity & Casualty and American Fidelity Fire had a combined net income of $1,183,602 for the second quarter of 1959. The announcement by T. Coleman Andrews, chairman and president, makes no mention of premiums written.

Net income of American F. & C. was $1,046,470. This compares with a loss of $204,152 for the same period of 1958 and was made up of underwriting profit of $604,567, investment income of $261,147, and capital gains of $180,756. In the 1958 second quarter, the underwriting loss was $469,765, and investment income was $241,302. Assets at June 30, 1959 were $51,585,524, an increase of $3,850,181 over the same period in 1958.

American Fidelity Fire's net income was $137,132, against $42,806. Underwriting profit was $63,082, compared with a loss of $43,201, and investment income was $88,801 against $79,817. Assets were $14,499,928 at June 30, 1959 compared to $13,563,217 a year earlier.

Springfield-Monarch In Better First Half

Springfield-Monarch had a combined premium income of $47,347,176 for the first six months of 1959, an increase of $2,429,255 over the comparable 1958 period.

Springfield F.&M. and New England Ins. Co. had an underwriting loss of $1,333,600 compared with a loss of $2,143,548. Fire and casualty premiums written were up by $754,501 to $30,018,144. Loss ratio to earned premiums was 61.2 and expense ratio to written premiums was 44 compared with 63.7 and 44.3 respectively for the first half of 1958. Investment income was $1,588,050 against $1,561,121, with the latter figure restated for comparative purposes. Earnings (excluding Monarch) were $245,450 compared with a loss of $582,427 at the half in 1958.

Monarch received life premiums of $5,204,465 and A&S premiums of $12,125,105 in the first half of 1959 compared with $4,814,960 and $10,839,857 respectively for the 1958 period. The company had $516,543,613 life in force against $463,431,100 and $23,567,103 A&S in force compared with $21,419,073.

Springfield-Monarch had consolidated assets of $228,905,478 compared with $222,864,493 at the end of 1958. Policyholders surplus was up from $78,053,171 to $80,168,123 in the same period.

Northwestern Mutual Opens Canadian Head Office

The Canadian head office has been opened by Northwestern Mutual at Vancouver, B.C. The office, under Resident Vice-President A. E. Warrick, will serve Alberta, British Columbia, Manitoba and Saskatchewan.

Northwestern Mutual, which has operated in Canada since 1912, has assets of $3,728,597 in that country and wrote $2,775,700 of business there in 1958.

Noelte Named In D.C.

Hartford Accident has appointed Wesley O. Noelte supervising payroll auditor at Washington. He succeeds James Doran who retired after 33 years with the company.

Mr. Noelte joined the company in 1951 and was at New York City and Richmond before his new appointment. Mr. Doran started at the home office in 1926 and was transferred to Washington in 1929.

General Adjustment Bureau has moved its Brooklyn, N.Y., office to 837 Flatbush Avenue.

Cal. WC Rates Are Increased 15.3%

In approving increases in workmen's compensation rates and revisions of a number of classifications, Commissioner McConnell of California pointed out that the increases were brought about by legislative amendments increasing benefits to injured employes and their dependents and by changes in the medical fee schedule. The California Inspection Rating Bureau's evaluation of these changes, he said, indicated an increase in the rate level of 16.7%—but this is partially offset by other factors so that a net increase of 15.3% is produced.

The law amendments, effective Sept. 18, and the changes in the medical fee schedule, effective Oct. 1, will affect outstanding policies as well as new and renewal policies. The new rates will take effect Oct. 1.

There were six amendments, also effective Sept. 18, which are expected to require further increases but which were not considered in computing the present rate changes. Commissioner McConnell said that their possible effect upon costs is currently under study but it will not be possible to evaluate their effect before the bureau's routine review of experience in May, 1960.

State Farm Promotes Nine

State Farm Mutual Auto has made a number of promotions.

Carl Feiner, manager New York division, becomes manager central Pennsylvania division; John J. Roberts, manager of metro Illinois division, becomes manager New York division; George E. Parker, general superintendent in the home office, becomes manager metro Illinois division; John W. Thiel, metro Illinois divisional claim superintendent, becomes northern Illinois divisional claim superintendent; Paul M. Asheim, Iowa divisional claim superintendent, becomes general claim superintendent in the home office.

Also, David W. Carr, administrative assistant in the eastern regional office, becomes manager inland Virginia division; Massie Yuille, Virginia divisional claim superintendent, becomes manager seaboard Virginia division; Ernest L. Hoffman Jr., personnel manager in the mid-Atlantic regional office, becomes general personnel superintendent in the home office; Donald W. Frischmann, supervisor of agency training in the home office, becomes agency supervisor in the west central regional office.

Name Md. Advisory Board For Agents' Qualification

Commissioner Sears of Maryland has appointed an advisory board to make recommendations on a program of studies and on the scope, type and conduct of written examinations for agents' and brokers' license qualification.

Company members are E. Walter Helm Jr., New Amsterdam Casualty; Ralph A. Ashton, Maryland Casualty, and Henry P. Brown, Nationwide Mutual. E. Churchill Murray, Annapolis, and H. H. McFarlin, Riverdale, represent stock agents, and Harry E. Uhler, Baltimore, is the mutual agent representative. W. T. Boston, state director of certification and accreditation, is also on the board.

America Fore Group First Half Improved

America Fore Loyalty's underwriting loss in the first half of 1959 was $24,963,117, down by $7,576,621 from the comparable 1958 period. Premiums written were $274,137,715, an increase of $3,552,661. Policyholders surplus was $785,585,454.

Loss ratio to premiums earned was 66.78 and expense ratio to premiums written was 38.95 compared with 68.-71 and 39.24, respectively. Investment income was $19,840,857, or $1.65 a share, compared with $19,395,486, or $1.62 a share at last midyear. Assets were $1,553,043,171, an increase of $28,909,276 over Dec. 31, 1958.

Joins Chicago General Agency

Oliver G. Anderson has joined the C. W. Olson general agency of Chicago as compensation and liability manager. He has been in the business nine years with National Fire, United States Casualty and most recently Standard Accident as chief casualty underwriter.

Conventions

Aug. 31-Sept. 2, International Federation of Commercial Travelers Insurance Organizations, annual, Broadmoor Hotel, Colorado Springs.

Sept. 9-11, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 9-11, Washington agents, annual, Davenport Hotel, Spokane.

Sept. 10-11, Minnesota agents, annual, Hotel Duluth, Duluth.

Sept. 10-11, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.

Sept. 10-12, Nevada agents, annual, Stockmen's Motor Hotel, Elko.

Sept. 13-15, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.

Sept 13-15, Oregon agents, annual, Marion Hotel, Salem.

Sept. 13-16, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 14-15, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 14-15, New Jersey agents, annual, Traymore Hotel, Atlantic City.

Sept. 15-18, Mutual Loss Managers' Conference, annual, Edgewater Beach Hotel, Chicago.

Sept. 16-18. Society of CPCU, annual, Ambassador Hotel, Los Angeles.

Sept. 17-19, American Mutual Insurance Alliance Forum, Schroeder Hotel, Milwaukee.

Sept. 17-19, Louisiana mutual agents, annual, New Hotel Monteleone, New Orleans.

Sept. 17-19, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Sept. 20-22, West Virginia mutual agents, annual, Daniel Boone Hotel, Charleston.

Sept. 20-22, Indiana mutual agents, annual, Vendome Hotel, Evansville.

Sept. 21-23, National Assn. of Insurance Agents, annual, Conrad Hilton Hotel, Chicago.

Sept. 22, Michigan agents, annual, Conrad-Hilton Hotel, Chicago.

Sept. 24-25, Oklahoma mutual agents, fall convention, Biltmore Hotel, Oklahoma City.

Sept. 26-27, North Dakota agents, annual, Ryan Hotel, Grand Forks.

Sept. 27-30, International Claim Assn., annual, Americana Hotel, Miami Beach.

Sept. 28-29, New Hampshire agents, annual, Wentworth-by-the-Sea, Newcastle.

Oct. 4-5, Vermont agents, annual, Equinox, Manchester.

Oct. 4-6, Kansas agents, annual, Town House, Kansas City.

Oct. 4-7, National Assn. of Casualty & Surety Executives and National Assn. of Casualty & Surety Agents joint annual meeting, Greenbrier, White Sulphur Springs, W. Va.

Oct 7-9, Western Loss Assn., annual, Lake Lawn Hotel, Lake Delavan, Wis.

Oct. 7-9, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 9-10, State Adjusters Assn. of Indiana, annual, Severin Hotel, Indianapolis.

Oct. 11-13, Ohio agents, annual, Sheraton Gibson Hotel, Cincinnati.

Oct. 11-13, Tennessee agents, annual, Andrew Johnson Hotel, Knoxville.

Oct. 11-14, Conference of Mutual Casualty Companies, annual, Baker and Adolphus Hotels, Dallas.

Oct. 11-14, National Assn. of Mutual Insurance Companies, annual, Baker and Adolphus Hotels, Dallas.

Oct. 15-16, Nebraska agents, annual, Town House, Omaha.

Oct. 18-20, Maryland agents, annual, Emerson Hotel, Baltimore.

Oct. 18-20, Missouri Assn. of Independent Agents, annual, Hotel Governor, Jefferson City.

Oct. 19, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.

Oct. 19-20, Arizona agents, annual, Camelback Inn, Phoenix.

Oct. 19-21, National Assn. of Mutual Insurance Agents, annual, Chase Park Plaza, St. Louis.

Oct. 25-27, Illinois agents, 60th annual, Leland Hotel, Springfield.

Oct. 26-28, California agents, annual, Biltmore Hotel, Los Angeles.

Oct. 26-28, National Assn. of Independent Insurers, annual, Sheraton Park Hotel, Washington, D. C.

Oct. 27-28, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 29, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.

Oct. 29-31, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 29-31, South Carolina agents, annual, Wade Hampton Hotel, Columbia.

Nov. 15-17, Kentucky agents, annual, Kentucky Hotel, Louisville.

Nov. 15-18, Indiana agents, annual, Claypool Hotel, Indianapolis.

Nov. 16-17, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.

Nov. 16-18, Health Insurance Assn., individual insurance forum, Biltmore Hotel, New York.

Nov. 19, Insurance Federation of New York, annual, Waldorf-Astoria, New York City.

Nov. 19-20, Casualty Actuarial Society, annual, Sheraton Hotel, Chicago.

Nov. 19-20, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel, Conrad Hilton Hotel, Chicago.

Smith Denies Harassment Of N. A., Others

(CONTINUED FROM PAGE 4)

of open and unbridled competition, have faced and still face a serious threat to their financial stability.

Freedom of action for insurers does not mean that independent and deviating companies are not bound by any standards while those insurers making rates cooperatively are alone bound by the standards.

Objections filed to inadequate rates and loss leaders do not interfere with reasonable competition. Such objections are the only method by which aggrieved parties may seek and obtain a remedy in face of rate filings in violation of the standards of the insurance law.

The purpose of judicial review was not to obstruct competition, but to obtain judicial construction of sections of the rating law enacted in 1948.

NYFIRO Has Been Upheld

State insurance commissioners have not sustained filings, the sufficiency of which was questioned by NYFIRO. As indicated herein, NYFIRO's position was sustained in part in the North America, Allstate and Government Employees matters.

NYFIRO does not object to competitive opportunity for those insurance companies which desire to act independently or to deviate. It deems it, however, in the public interest that, since all rates are required to conform to the standards of the rating law, any aggrieved person or organization should have the right to question the use of loss leaders or inadequate rates in the insurance business.

If any harassment has been practiced in this situation, Mr. Smith declared, it has been the harassment of the business as a whole by insurers bent upon a program to devitalize the standards and eventually destroy cooperative rate making. Those companies have advocated that rating organizations be permitted to continue. But rating organizations cannot do so if their rates are to be based upon experience, while independents are to be permitted to have loss leaders without regard to the standards of the rating law.

If in the statements made to this committee the right of competition referred to is competition which is open and unreasonable, giving the independent and the deviator the absolute right to fix the selling price, without restriction and without conformity with the standards, while the companies acting in concert in the making of rates are to be bound by standards, the insurance business will find itself in the situation that prevailed before rate making in concert. In those days rate wars and chaos were the order of the day. Under conditions such as these, the largest insurers could survive. But eventually the business would be concentrated in the hands of a few large companies, with the consequent insolvency and liquidation of small insurers. This would not be in the interest of the public.

Work Is Essential

The record indicates that the work of NYFIRO is essential to the insurance business and the insuring public, in preserving the standards of rate making so that rates are adequate and not unfairly discriminatory, Mr. Smith testified. NYFIRO does not oppose, nor has it attempted to destroy, independent filings or deviations. It has sought to obtain correction of inadequate rates, and judicial interpretation of the amendments to the New York rating law adopted after the passage of public law 15. NYFIRO does not contend that rates must be uniform. But it has been opposed, to the destruction of the standards of the rating law.

As to NYFIRO's attitude toward independent filings, Mr. Smith pointed out that the New York insurance law imposes the same requirements and standards as to preparation and filing of rates on rating organizations and on individual insurers. The obligations and duties of the superintendent are the same with respect to all filings.

Since the purpose of article 8 of the New York insurance law is to regulate all insurance rates so they shan't be excessive, inadequate, unfairly discriminatory or otherwise unreasonable, "it is obvious that cut-throat competition is prohibited," Mr. Smith declared. The specific provision that nothing in the article is intended "to prohibit or discourage reasonable competition" is in and of itself clear evidence of the purpose of the New York law to prohibit unreasonable competition.

Interest In Competitive Filings

Members and subscribers of NYFIRO, by reason of the adherence rule in section 185, have a direct and intense interest in the filings by any independent insurer when those rates are markedly different from the rates filed by NYFIRO. If such rates do not meet the standards of the act and are not disapproved by the insurance department, NYFIRO companies are immediately placed at a distinct competitive disadvantage which they are not able to meet because of the adherence rule. Because of section 185, NYFIRO companies are not free, as they would be in the ordinary market place, to adjust their prices to the prices of the competitor if they so desire, even though they believe that the prices of the competitor are inadequate.

The point as to the unreasonableness of the competition may be particularly acute in those instances where the independent insurer is doing business through the same agents and brokers through whom NYFIRO companies transact their business.

Predicated On Sound System

Rate filings by NYFIRO are predicated upon its sound integrated rating system, including the great body of statistical information of its members and subscribers included in the rate-making process. There is the greatest possible credibility in the combined statistics used.

The record through the years, based on the filings made by NYFIRO and approved by the New York insurance

department, proves that the rates have most certainly met the test of not being excessive. For the eight years ended with 1958 the underwriting profit for stock companies in New York were, for fire, 5.2%, 6.9% 13.5%, 7.3%, 4.5%, -5.1%, -4.6%, and -2%. For EC, the results were -119.4%, 8.1%, 9.6%, -38.2%, -10.5%, 7.9%, 21%, and 11.5%. For the three years ended with 1958, experience on homeowners was -5.5%, -4.6%, and -8.6%. On commercial multiple peril, results for the last three years were -17.7%, -29.3%, and -18.9%.

Certainly the members and subscribers of NYFIRO do not believe in general that, in terms of underwriting, an independent insurer, using the same general classifications of business as do NYFIRO companies, can have a loss ratio based on credible experience over a period of years which differs by classification or in toto in any real degree from the underwriting record of NYFIRO, Mr. Smith said.

No Notice Given NYFIRO

The law does not require that notice of independent filings be given to NYFIRO. NYFIRO, therefore, does not have knowledge of the filings until after they have become effective. When NYFIRO learns of them, its staff makes an examination to determine whether, on the basis of data filed in support of those applications, the filings meet the tests and standards of the rating law. If those standards are not met, the result is unreasonable competition.

If NYFIRO through staff and committees determines that the rates filed by independents meet the standards of the law, no action is taken. If the view is contrary, NYFIRO will institute proceedings under section 186 as an aggrieved person. In no other practical way could the rights of its companies be protected.

The NYFIRO right to proceed as an aggrieved person under this section has been upheld by New York courts, despite the efforts of individual insurers to deny NYFIRO and its members and subscribers any right to be heard on matters so vitally affecting their interests and the interests of the general insuring public.

Certain comments have been made to this subcommittee criticizing NYFIRO and its companies because of the position taken by NYFIRO in opposing certain filings. These criticisms have been wholly unwarranted, Mr. Smith averred.

As to the installment premium payment deviation filed in 1946, the statement by North America to the effect that this endorsement was approved by New York in 1946 after consideration of most of the arguments made by NYFIRO is entirely inaccurate. The filing by North America was disapproved in several respects. The department accepted a revised filing amended by North America in accord with recommendations to include manufacturing risks, provide notice of cancellation on default in payment of any installment, and eliminate option of the company to reinstate after loss.

Thus, he said, a number of basic objections to the plan made by NYFIRO were sustained by the department. Yet, Mr. Smith said, John A. Diemand, president of North America, in his statement to the subcommittee on May 27, 1959, states that "despite this program of harassment IPE eventually was found to be sound and in the public interest and was adopted by virtually all companies."

Given Erroneous Meaning

The word "harassment" is thus erroneously given a meaning synonymous with objections made to any North America filing, even though the objections were made pursuant to statutory right to do so, and were in substance sustained and the North America filings directed to be amended in accordance therewith, Mr. Smith declared.

NYFIRO opposed the independent filing by North America of fire and EC rates for dwelling classes effective March 1, 1954, because NYFIRO bylaws provide that all of its rating data is the property of NYFIRO and is only loaned to members and subscribers during the continuance of membership or subscribership. North America had

been a member and then a subscriber.

The North America filing consisted of five volumes comprising approximately 400 pages. All volumes were, for the most part, photographic reproductions of data consisting of NYFIRO's rates, rules and forms then in effect, Mr. Smith testified. The NYFIRO material was cut up and realigned and pasted on sheets of paper before the process of photographing was undertaken.

Thus the filing was not North America's own. North America could not appropriate and use the work product of NYFIRO without NYFIRO's consent. The kind of partial subscribership to which North America asserted it had a right was not the kind contemplated by the New York rating law.

Recognized Property Rights

The insurance department in its decision Sept. 14, 1954, recognized the property rights of NYFIRO in its work product. But it held that it does not have the power of a court and would make no specific comment on what damages, if any, might be recovered by NYFIRO against North America for appropriation by North America of the dwelling class rate filing of NYFIRO.

In its first filing, North America's rates for fire and EC on dwellings were identical with those of NYFIRO. Oct. 5, 1954, the group amended its filings to reflect a 10% reduction from NYFIRO rates effective Sept. 13, 1954. The filing was approved by the department without a hearing.

The North America filings were made in the face of an adverse underwriting record in New York and countrywide for EC. North America, 1951-1955, sustained an underwriting loss for EC of 22.7%, or more than $12.5 million.

NYFIRO did not believe the rate cuts of North America could be justified on loss experience or on any savings in expense. The filing created distinctly unreasonable competition against NYFIRO companies.

NYFIRO opposed Allstate's independent filing for fire and EC rates on dwellings of 20% below NYFIRO's term rates and 36% below NYFIRO's annual rates because it did not believe the rates could be justified on loss experience or on savings in expense properly attributable to the conduct of its fire insurance operations. Allstate "believed" it could cut expenses. Allstate's space in Sears Roebuck & Co. catalog and the Allstate counter space in Sears Roebuck stores were at a nominal charge. Sears Roebuck had other concessionaires in its stores, all of whom except Allstate paid a percentage of gross sales from 2.42% to 31.46%.

NYFIRO Again Sustained

The superintendent sustained the position of NYFIRO in part. He found that Allstate rates were inadequate and in violation of the rating law and directed a rise in the level of Allstate rates by five points. He added that it was upon the record in the course of the hearing the superintendent stated that he was "groping to find what would be a fair projection into the future;" and in applying the automobile ratio of other acquisition expense to the projected fire insurance is highly speculative whether the expense on auto business would apply with a reasonable degree of accuracy in fire insurance on dwellings only.

Government Employees in 1956 applied as a subscriber for a deviation of 25% below NYFIRO's rates in fire and EC on dwellings and contents. The insurer had never transacted fire business in the state, yet asked permission to start business with a rate cut in classes in which the industry was undergoing severe underwriting losses.

NYFIRO requested a hearing. The position of NYFIRO was sustained, in part, by the department. It directed an increase from the 25% reduction to 20%.

Another question raised at the hearings was whether Government Employees was indulging in an unfair trade practice. While its letterhead and forms carried a legend to the effect that it was not affiliated with the federal government, the format of its letterhead and forms and the purported restrictions placed by it upon eligible

applicants could tend toward an impression that the company was owned, controlled or subsidized by government employes or military personnel.

North America companies are subscribers to NYFIRO for fire and EC for mercantile and commercial properties. In June, 1957, the New York department approved a commercial property coverage filing made by NYFIRO and other rating organizations, which included fire, EC, inland marine and burglary coverages applicable to commercial property.

North America made an independent filing similar to that made by NYFIRO and generally for the same classes. This filing also was approved by the New York department.

Rules Against North America

Soon after, the New York department suspended their effective date, pending its study of whether such an independent filing could be made under the New York law. Sept. 4, 1957, the superintendent ruled that the commercial property coverage filing by North America and others did not meet the standards of the law.

North America asked a hearing. On Aug. 6, 1958, the department, through the ruling of a deputy, held that such a filing might properly be made under the New York law.

NYFIRO opposed this filing, Mr. Smith said. North America was a subscriber for fire and EC for commercial classes and was bound by the rate filings in such classes made by NYFIRO on its behalf, irrespective of whether the rating is for the lines separately or compositely with other lines.

Requested By North America

The hearing in this matter was requested by North America. A witness before the Senate subcommittee in May referred to 422 typewritten pages and 150 exhibits as though they were harassments by NYFIRO. The fact is, Mr. Smith said, NYFIRO introduced only 21 exhibits, and direct testimony by NYFIRO witnesses developed only 70 pages of the total involved in the hearing.

North America and Allstate claim their filings should not be subject to objection by or hearings at the request of rating organizations or trade associations, Mr. Smith noted. Yet the combined capital and surplus of North America group and Allstate is more than $681,200,000.

While NYFIRO has a number of large fire insurers, in general its members and subscribers are relatively small fire insurers. Among the 191 stock companies, 106 companies, members and subscribers, have capital and surplus of $10 million or less. The combined capital and surplus of those 106 stock fire insurers is $359,148,182.

Among the 70 mutual subscribers of NYFIRO, 60 companies have policyholders surplus of $10 million or less. The combined policyholders surplus of the 60 mutuals is $208,318,170.

The combined capital and surplus of these 166 stock and mutual members and subscribers of NYFIRO is $576,466,352, substantially less than that of North America and Allstate. A number of members and subscribers individually have a capital and surplus less than one-half of 1% of the capital and surplus of North America and Allstate and less than 1% of the capital and surplus of the North America companies or Allstate alone.

No one of these relatively small fire insurance companies in a position to combat, on an administrative and judicial level, a large fire insurer using inadequate rates. The only way such insurers can obtain a measure of protection against the conditions pictured is through the joint efforts of NYFIRO and other rating organizations, Mr. Smith averred.

NYFIRO was not willing to permit the decisions to permit such rate cutting to rest at the administrative level. It therefore asked judicial review, so the rules by which the fire business was to be governed could be finally settled. NYFIRO sought to have determined the rights of cooperative rate making, the meaning of "reasonable competition," the meaning of "adequacy of rates by class," the meaning of "all factors reasonably attributable to the class of risk," and the meaning of other sections of the 1948 legislative amendments which contained no specific definitions of terms, and which never have been interpreted by a court of final jurisdiction.

Has Right To Review

NYFIRO possesses and should continue to have the right to demand a review of filings if, in its opinion, such filings violate the standards of the insurance law.

Mr. Smith observed that NYFIRO's contention that it is an "aggrieved person" with the right to hearing in these matters has been upheld.

The North America matter started with the appropriation of NYFIRO's work product without its consent. This certainly was not "the development of new and better forms of coverage." If anyone suffered harassment, it was NYFIRO, he stated. Neither has NYFIRO attempted to delay the administrative or judicial proceedings. The department had granted the reduction in rates to both North America and Allstate without a hearing. NYFIRO's requests for hearings as an aggrieved party were made promptly.

The objections made by NYFIRO to certain filings were made pursuant to statutory right to do so, he said. These objections were, in material parts, sustained at the administrative level. What the North America companies have characterized before this subcommittee as harassment has been the exercise by NYFIRO, in good faith, of its right to review inadequate rates so that the standards of the rating law be maintained.

Appeared Twice In Five Years

He noted that NYFIRO has appeared in hearings on deviations at its request only twice in five years. Six deviations or independent filings by North America were not objected to by NYFIRO.

Mr. Smith reviewed in detail the work and rating procedures of NYFIRO. He especially emphasized the

value of periodic inspections of cities and towns, which result in improvements in fire fighting facilities and fire prevention work. NYFIRO published approximately 175 reports of the fire defenses of various communities in New York state in the last three years. Those reports, prepared under the supervision of licensed professional engineers, were presented to officials of those communities surveyed, and became the basis for continued improvement of fire defense. In that period, there were more than 1,400 changes in community classifications, almost wholly representative of improvements or extensions of protection. These included more than 100 entirely new fire departments and many extensions or additions to water supplies, resulting in material reductions in the cost of fire insurance.

Many phases of NYFIRO's integrated system of rate making, under regulation by the insurance department, benefit the insuring public, he said. Among them are fire prevention, advice in new construction and repairs, improvements in fire protection and maintenance and reduction in rates, audit of policies to ensure conformity to filings, development and promulgation of reasonable and nondiscriminatory rates, built upon the foundation of a broad and credible spread of risks.

McHugh Quizzes Smith And Kaplan

(CONTINUED FROM PAGE 4)

of cities and towns is equally important. Also in addition to schedule rating information, the bureau amasses a large body of credible experience.

A company has to belong to get the schedule information?

Yes, a company that wants to write fire insurance on property specially rated finds it economically feasible to belong to the bureau.

Does NYFIRO offer this information for sale to anyone who wants to buy it?

That is not authorized under its constitution. Subscribership, he said, is a means for getting it. The bureau permits a company to subscribe for certain lines only; for example, sprinkler leakage.

As a matter of public policy, Mr. McHugh suggested, is it essential for NYFIRO to sell to anyone, at an appropriate price?

Matter Of Law

It is a matter of law, Mr. Smith said.

"I'm interested in the policy behind the law," Mr. McHugh said impatiently. "That's why I wanted a company executive here capable of discussing policy."

Mr. Kaplan said NYFIRO gives service to any subscriber.

The casualty rating bureau makes its product available to anyone willing to pay for it without becoming a subscriber, Mr. McHugh declared. Isn't that good public policy? This committee is concerned with regulatory laws, how they are administered, and how they accord with the McCarran act. Anti-trust frowns on the control a company may exercise, he declared. It frowns on tie-in sales. Isn't this the same thing? A company has to join NYFIRO to get its rating material.

Policy Determination

That is a matter of policy determination, Mr. Kaplan said. The law would have to be changed.

"Are you saying that the New York law prohibits a rating organization from selling rating material to a nonmember or non-subscriber," Mr. McHugh asked.

Yes, Mr. Kaplan said, by implication it negates the right to sell to a nonsubscriber. No such practice has been indulged in over the years. He added that he was not passing on whether it was in the public interest to do so. That is for the commissioners to decide, and they should initiate any move to change the law.

Another problem is involved here, Mr. Kaplan added. Rates are based on broad experience. The question arises whether a company is breaking down the rating machinery unless it uses the experience of all companies. The experience of no one company is credible?

"We object not to deviation on an expense differential but to a company entering the state and deviating with no statistical base, as did Allstate and Government Employees.

Mr. McHugh quoted from a Nation-

al Board memorandum of Oct. 21, 1954, which pointed out that rating bureaus might sell their information to independents. However, the memo stated, the use of rating bureau material and specifically town grading information, is one step in the march toward independence of action. If so, the cost is not part of the problem. Sale might speed up the movement toward independence, according to the memo.

Mr. Kaplan said he never saw that report. The practice for as long as he could remember has been to make services available only via subscribership.

Then it is not a practice to slow down independent action, Mr. McHugh asked.

There has been no rating bureau attempt to slow down anybody, Mr. Kaplan declared.

Has anyone tried to buy NYFIRO service on this basis? Mr. Smith said not to his knowledge.

"Did you ever succeed completely in preventing a deviation," Mr. McHugh asked.

Mr. Smith said as far as he knew NYFIRO never entered into litigation involving a deviation.

Did NYFIRO every succeed totally in defeating an independent filing?

At the administrative level, yes, Mr. Kaplan said, in part.

Why should NYFIRO regard it necessary to be an aggrieved party?

Unless it is, it has no remedy, Mr. Kaplan said, when filings violate the rating act.

Isn't the commissioner qualified to protect the public interest on filings?

Yes, but he's limited to data before him. If he went to the bureau that would require a special compilation.

Mr. McHugh said the subcommittee is concerned with the question of whether the administrative process is being abused.

Mr. Kaplan said NYFIRO had asked for hearings in only three situations.

Yes, Mr. McHugh said, but these filings involved rates with the greatest impact on competition. Mr. Kaplan didn't agree. He said the filings were not based on experience. But, Mr. McHugh said, Allstate had made money on dwellings.

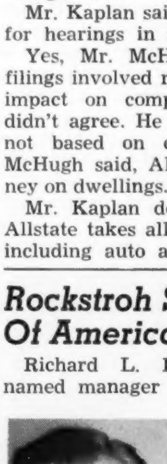
Mr. Kaplan doubted that. He said Allstate takes all expenses of all lines including auto and gets the percentage. Then it applies the percentage that fire premiums bear to total premiums to get the fire expense. That is unfair.

The law requires a company to have statistics before it can justify cut rates, Mr. Kaplan said. Mr. McHugh suggested that would prohibit a company designing a new policy or coverage, on which, of course, they have no experience.

It does not, Mr. Kaplan rejoined. A company can come in on the dividend basis and prove itself with experience and then get a rate deviation.

Rockstroh Systems Head Of American Casualty

Richard L. Rockstroh has been named manager of the new methods and procedures department of American Casualty.



R. L. Rockstroh

Mr. Rockstroh's 12 year career includes experience with Pearl-Monarch, Fireman's Fund, and American International Underwriters. He has been an auditor, a reviewer of company systems and a methods analyst. With Pearl-Monarch, he supervised revision and improvement of internal system and procedures.

With American Casualty, he will divide his time between the home office and branch and service offices.

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Northern of New York has elected Earl B. Schwulst, president and chairman of Bowery Savings Bank, New York, a director.

Volume, Loss Up In Hanover First Half

Hanover had an underwriting loss of $2,105,840 in the first half of 1959 compared with $1,981,563 for the same 1958 period. Premiums written were up by 9.9%. Policyholders surplus was $22,562,984, a decrease of $607,291 from last midyear.

Investment income was up by $137,-38 to $1,181,513. Assets were $74,189,-35 for the 1959 half against $70,251,405 a year earlier.

Texas Buyers' Conference To Be At Dallas Sept. 11

The annual conference on corporate insurance management sponsored by the Dallas-Fort Worth chapter of American Society of Insurance Management will be held Sept. 11 at Hotel Adolphus, Dallas.

On the morning program will be T. T. Redington Jr., Dresser Industries, problems of the part-time insurance manager; Thomas Carey, Southwest Underwriters, Lloyds operations and reinsurance; and Fontaine Alexander of Drake, Alexander & Drake, Dallas, trends in public liability insurance.

Speaking in the afternoon will be John W. Carleton, Liberty Mutual, problems in workmen's compensation; Willard Cox, American Appraisal, methods of determining fire insurance values; and John B. Mead, Marsh & McLennan, insurance required of contractors as related to the oil industry.

Pa. Approves Small Loans For Auto Premium Payments

The Pennsylvania justice department has ruled that small loan companies may lend money intended for automobile premium payments. A 1936 ruling held that automobile insurance was not a necessity and could not be financed through small loan companies which are limited to individual loans to "meet immediate necessities."

The department has now held that in view of radical changes in the past 23 years, the automobile, and insurance to protect the driver, are both necessities. Small loan companies in the state are limited to $600 transactions at special interest rates.

Baier Leaves Zurich

Charles F. Baier, management advisor to Zurich, has retired after 30 years with the company. He joined the company at Chicago as assistant to the chief accountant and became controller in 1938. He has been management advisor since January.

Program Announced For CPCU Annual Sept. 16

Life insurance, because of the increasing affiliation of its companies with property insurers, will be one of the major subjects taken up at the annual convention Sept. 16-18 of CPCU at Los Angeles.

The seminar on life insurance will be held in two sections: One for CPCUs with a life insurance background, and another for those without. John S. Brundage, president Bankers National Life, will be the principal speaker, and he will outline recent developments in life insurance.

Ingolf H. E. Otto, general agent at Kansas City, will review the Senate anti-trust investigation of insurance. Other seminars will deal with foreign insurance and the American agency system. Papers will be delivered on care, custody and control; insurability of sonic boom, and garage keepers' legal liability.

The Senate anti-trust investigation will also be touched upon by John Diemand, president of North America, at the all-industry luncheon. Harry J. Loman, dean of American Institute, will present credentials to successful CPCU candidates.

Hartford Fire Opens New Office At Duluth

Hartford Fire has established a new office at 408-10 Bradley Building, Duluth, to supervise the Wisconsin counties of Douglas, Bayfield, Ashland and Iron, and the Minnesota counties of Cook, Lake, St. Louis, Koochiching, Itasca and Carlton.

Staff members are Robert K. Clausen and James A. Staley, special agents, and Alfred M. Lee, casualty adjuster.

Mr. Clausen joined Hartford Fire at Chicago in 1946 and has been special agent in South Dakota since 1956. Mr. Staley has been with Hartford Accident since 1955 at St. Paul and Minneapolis. Mr. Lee, formerly with Western Adjustment, joined the group last April.

Chicago Women To Hold Classes

An introduction to insurance course will be conducted in the fall by Insurance Distaff Executives Assn. of Chicago. Classes of the 8-week course, beginning Sept. 29, will be held in the Chicago Board auditorium.

Consolidated Mutual Names Kidd

F. Harry Kidd has been appointed regional sales manager in Philadelphia for Consolidated Mutual. He joined the company last year as a special agent.

1958 Experience On Automobile BI Of Insurers Licensed In New York

The 1958 countrywide automobile bodily injury liability experience of New York entered companies is shown in the adjoining tables as compiled by the New York department.

Incurred losses are based on case estimate reserves and exclude allocated claim expense. Expense ratios include both allocated and unallocated claim expenses. Figures are net after reinsurance. All ratios are based on earned premiums (indicated "E") except commissions and brokerage and taxes and fees which are based on written premiums (indicated "W"). Expenses do not include federal income tax, and the net gain is before such tax. Companies are not shown which had a premium volume of less than $10,000. Where groups filed consolidated expense exhibits, no results are shown for the individual insurers.

COMPANY	Net premiums written (Countrywide)	Net premiums earned (Countrywide)	Underwriting Ratios (Countrywide): Losses incurred "E"	Expenses (adjusted)	Net gain (adjusted)	Analysis of Expenses (Countrywide): Loss adjustment "E"	Commission and brokerage "W"	Other acquisition "E"	General "E"	Taxes and fees "W"
Stock Companies										
Ætna Casualty and Surety	$72,068,169	$68,972,946	64.0	41.4	−5.4	9.8	18.7	3.1	6.8	3.0
Ætna Insurance Group	16,278,994	16,290,430	69.7	48.9	−18.6	12.4	20.3	5.7	7.3	3.2
Agricultural Group	1,074,691	999,074	85.5	61.9	−47.4	18.8	9.3	11.4	15.5	6.9
Albany	38,384	29,162	80.9	70.2	−51.1	14.2	29.5	7.8	6.9	11.8
Alliance Assurance	799,531	773,517	66.9	41.7	−8.6	10.1	18.8	3.1	6.8	2.9
Allstate Group	179,423,423	166,490,108	59.2	43.9	−3.1	17.3	8.0	10.7	5.0	2.9
America Fore Group	53,370,140	50,751,745	80.0	50.5	−30.5	16.3	19.7	4.6	6.6	3.3
American Casualty Group	9,934,507	9,983,504	62.0	46.9	−8.9	12.9	21.6	4.7	4.9	2.8
American Employers'	9,614,757	9,305,938	62.5	44.5	−7.0	10.4	22.0	2.5	6.8	2.8
American Fidelity & Casualty	18,284,761	18,047,284	78.3	40.2	−18.5	14.6	20.9	.3	1.2	3.2
American Fidelity Fire	96,986	82,891	−10.9	27.3	83.6	1.2	22.2	.0	.7	3.2
American Home Assurance	2,141,741	1,689,947	59.5	53.5	−13.0	8.7	29.8	4.7	7.8	2.5
American Insurance Group	32,580,939	33,026,274	62.4	54.5	−16.9	13.8	23.5	9.4	4.9	2.9
American Liberty	204,515	239,388	56.6	42.9	.5	16.8	4.5	5.3	7.1	9.2
American Motorists	14,471,797	13,983,431	59.2	41.2	−.4	12.5	14.8	6.6	4.5	2.8
American Policyholders'	2,304,921	2,062,056	56.5	29.7	13.8	10.3	5.4	7.4	4.4	2.2
American Surety Group	11,442,923	10,642,229	66.3	48.2	−14.5	11.0	20.0	4.2	9.6	3.4
Atlantic National	3,282,371	3,092,236	66.4	30.1	3.5	6.6	15.3	2.6	3.1	2.5
Atlas Assurance	115,151	87,486	80.5	70.2	−50.7	14.1	29.5	7.8	6.9	11.9
Balboa	—	—	—	—	—	—	—	—	—	—
Baloise Marine	70,549	66,223	7.6	41.3	51.1	−5.8	17.4	13.2	13.6	2.9
Birmingham Fire & Casualty	396,189	313,733	77.3	59.9	−37.2	14.4	24.9	5.4	12.5	2.7
Boston Group	6,982,663	6,583,279	61.8	53.8	−15.6	15.1	20.9	7.7	6.8	3.3
British America Assurance	202,073	182,015	61.2	56.3	−17.5	12.9	23.9	6.1	10.1	3.3
Buffalo	555,768	499,833	79.3	61.6	−40.9	18.8	14.1	11.1	14.4	3.2
Camden Fire Ins. Ass'n.	813,305	583,119	64.5	59.7	−24.2	12.7	26.3	8.5	9.5	2.7
Century Group	326,703	344,428	72.4	53.3	−25.7	14.6	25.0	2.0	9.4	2.3
Citizens Casualty of N. Y.	1,608,156	1,414,605	93.9	49.2	−43.1	19.6	12.1	6.5	6.2	4.8
Commercial Union Group	10,659,134	10,506,937	63.4	47.4	−10.8	13.0	21.0	4.5	5.9	3.0
Continental Casualty	25,020,918	25,350,590	77.2	38.6	−15.8	10.4	17.5	3.0	5.3	2.4
Dubuque F. & M.	442,005	374,348	75.9	56.0	−31.9	16.4	23.0	7.1	6.8	2.7
Eagle Star	200,968	265,867	82.7	62.6	−45.3	19.4	36.6	.1	.2	6.3
Employers' Fire	1,858,886	1,625,713	72.1	46.9	−19.0	11.6	22.7	2.5	6.3	3.8
Employers' Liability	17,999,255	17,349,901	65.3	43.0	−8.3	10.4	20.0	2.6	6.8	3.2
Equity General	52,216	16,017	88.3	−20.5	32.2	10.7	−37.4	2.0	4.0	.2
Federal	9,978,821	9,633,136	64.3	41.4	−5.7	10.0	18.9	3.0	6.6	2.9
Fireman's Fund Group	29,089,342	27,533,064	61.1	46.4	−7.5	11.5	20.3	5.1	6.3	3.2
Founders'	855,887	923,790	87.0	63.8	−50.8	24.1	19.6	11.0	6.4	2.7
General of America	14,885,925	14,386,819	55.1	52.2	−7.3	12.7	23.9	4.8	8.3	2.5
General Accident Group	34,895,055	33,252,891	68.8	44.7	−13.5	12.9	22.1	2.4	4.2	3.1
General Fire & Casualty	7,513,000	7,479,431	70.4	28.9	.7	13.8	6.6	1.9	3.3	3.3
Glens Falls	15,673,071	15,271,393	61.6	48.2	−9.8	12.4	21.4	5.1	5.6	3.7
Government Employees	21,712,043	18,786,517	54.9	26.8	18.3	11.1	.4	7.2	5.2	2.9
Great American Group	22,058,551	22,351,982	69.8	48.8	−18.6	14.9	19.5	4.1	7.4	2.9
Halifax of Mass.	271,442	218,750	61.3	48.8	−10.1	12.6	21.6	3.0	7.3	4.3
Hanover Group	3,604,689	3,157,939	60.5	53.5	−14.0	10.8	26.0	6.4	6.9	3.4
Hartford Accident and Indemnity	80,029,711	75,096,171	62.1	42.6	−4.7	9.8	20.3	3.1	6.4	3.0
Hartford Fire Group	—	—	—	—	—	—	—	—	—	—
Hawkeye-Security	1,485,141	1,454,704	53.1	61.8	−14.9	22.8	1.4	7.2	24.8	5.6
Home	91,452	81,226	126.2	84.5	−110.7	43.5	15.8	9.4	11.9	3.9
Home Indemnity	18,293,637	17,641,809	70.8	50.5	−21.3	15.7	20.4	4.2	6.8	3.4
Indemnity of North America	32,670,337	29,737,827	65.6	45.3	−10.9	10.1	18.5	4.9	8.7	3.1
Insurance Co. of North America	−370,068	1,180,317	—	—	—	—	—	—	—	—
Insurance Co. of State of Pa.	713,914	563,316	59.5	53.6	−13.1	8.7	29.9	4.7	7.8	2.5
Kansas City F. and M.	216,551	255,169	53.6	65.9	−19.5	19.6	27.6	9.0	7.2	2.5
London & Lancashire Group	4,382,400	4,384,357	58.1	46.4	−4.5	12.0	21.7	3.4	6.5	2.8
London Group	1,844,338	1,537,288	83.1	69.4	−52.5	24.7	23.7	8.2	9.2	3.6
Loyalty Group	34,298,079	33,384,847	79.3	48.0	−27.3	15.0	20.4	8.0	4.4	3.2
Manhattan Casualty	3,214,372	2,761,928	65.1	42.2	−7.3	11.5	16.7	5.3	5.6	3.1
Manufacturers' Casualty	474,647	1,730,816	73.2	103.1	−76.3	12.6	56.4	14.9	12.8	6.4
Marine	571,017	552,436	66.6	41.7	−8.3	10.1	18.8	3.1	6.8	2.9
Maryland Casualty	29,810,884	28,274,071	64.9	47.1	−12.0	12.0	21.9	7.4	2.7	3.1
Massachusetts Bay	29,289	19,985	125.6	129.5	−155.1	11.2	16.0	40.8	53.5	8.0
Massachusetts Bonding	11,270,538	11,035,253	88.6	43.6	−32.2	12.6	17.4	4.3	6.1	3.2
Merchants Group	5,359,032	5,390,053	71.4	49.5	−20.9	17.6	20.0	3.3	5.1	3.5
Motor Club of America	$2,082,839	$1,998,660	66.2	47.7	−13.9	13.8	20.8	1.2	11.5	.4
National Casualty	480,688	446,812	98.2	58.1	−56.3	20.2	14.6	10.8	9.5	3.0
National of Hartford Group	73,837	377,434	−41.0	88.1	52.9	55.2	41.9	1.2	4.1	−14.3
National Union Group	5,819,594	5,442,756	58.8	51.2	−10.0	10.6	22.6	10.2	5.4	2.4
Netherlands	646,700	615,231	92.3	63.2	−55.5	15.8	30.4	8.9	4.1	4.0
New Amsterdam Casualty	15,642,926	15,884,613	71.8	45.7	−17.5	13.7	21.8	2.4	5.4	2.4
New Hampshire Fire Group	5,456,106	4,918,054	72.1	41.3	−13.4	7.7	20.8	5.7	4.9	2.2
New Jersey Mfrs. Casualty	40,915	38,559	60.3	40.8	−1.1	24.7	1.6	9.5	1.9	3.1
New Zealand	399,779	373,263	47.1	64.5	−11.6	16.6	17.9	13.2	13.8	3.2
North British Group	4,113,613	3,876,598	67.6	68.9	−36.5	17.5	19.4	13.4	14.8	4.2
North River	2,020,732	1,820,150	61.1	56.7	−17.8	12.9	23.9	8.2	10.4	3.3
Northern of N. Y. Group	3,681,652	4,824,652	65.1	47.4	−12.5	13.7	19.2	3.7	7.0	3.8
Northern Assurance Group	193,128	199,698	83.4	25.4	−8.8	6.4	18.0	.6	.3	.1
Norwich Union Group	1,264,943	1,353,530	76.6	55.4	−32.0	18.8	20.0	6.5	6.2	3.9
Ohio Farmers Group	6,708,731	7,502,884	67.3	48.1	−15.4	12.0	24.3	4.3	5.2	2.3
Old Republic	395,229	413,948	55.6	57.1	−12.7	10.7	26.7	1.6	15.0	3.1
Pacific Fire Group	2,847,267	2,379,019	52.6	42.4	5.0	8.9	24.4	3.2	3.1	2.8
Pacific Indemnity	9,200,554	9,004,034	63.5	48.1	−11.6	14.0	18.1	6.7	6.4	2.9
Pacific National Fire	2,093,208	1,410,065	27.6	44.7	27.7	8.7	16.5	9.1	7.9	2.5
Pearl-Monarch Group	1,232,155	1,107,065	80.9	58.0	−38.9	20.3	19.2	7.4	7.4	3.7
Peerless	5,820,295	5,537,080	96.4	63.3	−59.7	16.5	30.4	9.0	4.1	3.3
Pennsylvania Mfrs. Ass'n. Cas.	2,535,769	2,444,532	55.0	18.6	26.4	9.0	.2	5.2	3.8	.4
Phoenix (Hartford) Group	9,151,403	8,978,518	92.1	51.7	−43.8	12.2	20.6	10.0	5.7	3.2
Phoenix of London Group	10,656,664	10,744,164	69.1	49.2	−18.3	14.5	20.6	5.1	5.7	3.3
Providence Washington	2,805,980	2,754,434	73.2	52.0	−25.2	14.5	21.6	4.4	8.1	3.4
Reliable	71,416	165,873	97.2	41.0	−38.2	23.5	2.6	3.8	4.5	6.6
Reliance	3,658,020	3,652,273	64.3	65.3	−29.6	21.9	22.8	7.6	10.6	2.4
Royal Exchange Assur. Group	1,028,317	1,261,767	65.8	64.6	−30.4	20.0	21.1	8.3	10.9	4.3
Royal-Globe Group	40,084,416	41,134,683	74.1	43.5	−17.6	11.7	18.4	3.7	6.5	3.2
Safeco of America	13,383,019	12,330,291	51.2	37.9	10.9	11.1	15.4	3.3	5.6	2.5
St. Paul Group	19,696,345	19,038,313	63.2	47.1	−10.3	12.8	23.5	3.9	4.3	2.6
Sea	342,637	331,488	66.8	41.7	−8.5	10.1	18.8	3.1	6.8	2.9
Seaboard Surety	138,199	142,360	34.1	53.7	12.2	19.2	27.3	1.9	3.4	1.9
Security Group	2,839,423	3,124,456	60.6	45.2	−5.8	8.1	20.8	4.2	8.9	3.2
South Carolina	34,729	14,346	52.9	29.1	18.0	6.2	10.2	1.8	8.6	2.3
Springfield Group	4,781,566	4,565,216	63.3	53.7	−17.0	14.3	21.5	5.9	8.9	3.1
Standard Accident Group	23,009,540	24,034,897	62.9	41.9	−4.8	7.9	25.3	2.5	4.2	2.0
Standard Marine	486,933	487,151	58.1	46.5	−4.6	12.0	21.7	3.5	6.5	2.8
State-Wide	708,201	493,608	38.5	50.7	10.8	27.8	.2	13.5	4.2	5.0
Stuyvesant	603,573	178,337	36.5	32.7	30.8	6.6	21.9	1.1	2.9	.2
Sun Group	3,329,782	3,250,970	76.5	52.8	−29.3	18.4	21.5	1.7	7.3	3.9
Transportation	—	—	—	—	—	—	—	—	—	—
Travelers	46,284,545	78,734,181	74.1	32.0	−6.1	9.1	14.4	3.5	2.5	2.5
Travelers Indemnity Group	85,861,893	51,094,943	73.8	41.9	−15.7	9.3	17.7	6.7	5.2	3.0
United Pacific	4,430,102	4,158,971	60.1	49.6	−9.7	11.0	20.7	5.3	10.1	2.5
United Security	164,597	74,241	76.4	64.1	−40.5	24.7	20.0	.6	16.8	2.0
United States Casualty	7,118,975	7,328,673	69.8	45.8	−15.6	11.8	21.7	3.0	6.4	2.9
U. S. Fidelity & Guaranty	51,701,270	51,049,052	63.5	43.6	−7.1	10.6	22.2	3.0	4.9	2.9
United States Fire	4,397,085	3,951,800	61.1	56.8	−17.9	12.9	23.8	6.3	10.7	3.1
Universal	694,201	714,415	64.2	53.5	−17.7	16.8	29.8	.1	1.9	4.9
Utah Home Fire	220,326	210,548	65.4	48.2	−13.6	6.9	30.6	1.6	6.1	3.0
Vanguard	1,014,801	908,277	55.9	50.6	−6.5	11.0	21.4	9.9	6.2	2.1
Vigilant	571,016	552,435	65.9	41.9	−7.8	10.2	18.7	3.1	7.0	2.9
Wabash Fire & Casualty	1,274,875	1,093,729	49.0	51.7	−.7	11.9	24.7	4.1	8.2	2.8
Westchester Fire	2,198,185	1,984,278	61.4	56.9	−18.3	12.9	23.7	6.3	10.9	3.1
Western Assurance	359,241	323,582	61.2	56.4	−17.6	12.9	23.9	6.1	10.2	3.3
Western Fire	918,484	812,975	68.5	42.0	−10.5	15.9	17.9	2.1	2.7	3.4
Yorkshire Group	2,126,710	2,186,359	87.2	52.3	−39.5	14.4	22.9	3.6	8.0	3.4
Zurich-American Group	18,924,990	19,436,020	67.6	48.1	−15.7	13.8	19.9	3.5	8.7	3.2
STOCK COMPANY AGGREGATES										
1954	$909,109,431	$889,381,275	54.0	42.7	3.3	10.4	18.1	6.0	5.2	3.0
1955	965,429,509	942,404,173	58.7	43.8	−2.5	11.2	18.9	5.3	5.3	3.1
1956	1,058,019,398	1,019,196,240	65.4	44.8	−10.2	11.7	18.8	5.6	5.6	3.1
1957	1,206,041,099	1,146,410,437	70.7	45.5	−16.2	12.3	18.9	5.5	5.7	3.1
1958	1,317,375,031	1,273,374,543	66.9	44.5	−11.4	12.6	17.9	5.3	5.7	3.0
MUTUAL COMPANIES										
Allied American Mutual Fire	$1,513,635	$1,664,521	92.2	38.3	−30.5	12.2	10.2	8.4	4.8	2.7
American Hardware Mutual	4,924,512	5,590,428	75.4	47.8	−23.2	18.0	−.9	17.4	10.4	2.9
American Mfrs. Mutual	402,563	213,247	54.7	60.5	−15.2	11.2	12.9	20.6	13.3	2.5
American Mutual Liability	10,141,491	10,081,093	78.2	39.4	−17.6	14.6	3.8	12.9	5.4	2.7
Atlantic Mutual Group	3,952,255	3,751,449	62.9	43.4	−6.3	10.3	12.4	6.6	10.1	4.0
Badger Mutual	$691,411	$692,737	81.1	48.1	−29.2	14.0	20.9	5.6	5.9	1.7
Central Mutual	2,058,539	1,788,756	53.3	53.5	−6.8	15.5	16.3	11.8	7.8	2.1
Consolidated Mutual	254,442	199,838	58.2	56.8	−15.0	17.0	12.2	8.2	16.2	3.2
Cosmopolitan Mutual	3,392,874	3,088,346	47.2	43.0	9.8	17.3	13.7	2.9	5.6	3.5
Electric Mutual Liability	465,611	460,410	75.1	34.7	−9.8	23.3	.4	4.4	3.7	2.9
Empire Mutual	8,258,988	7,938,909	55.9	34.5	9.6	7.4	16.1	.8	5.7	4.5
Employers Mutual Casualty	9,312,679	8,543,280	60.4	46.1	−6.5	10.7	23.9	1.9	6.9	2.7
Employers Mutual Liability	10,686,699	10,150,384	71.9	34.1	−6.0	11.4	4.1	12.8	3.2	2.6
Exchange Mutual	1,479,266	1,386,190	58.8	27.8	13.4	6.9	11.0	2.3	5.5	2.1
Factory Mut. Liability of Am.	12,069,480	11,390,873	43.6	35.5	20.9	14.8	.4	11.4	4.4	2.6
Farm Family Mutual	335,745	287,363	28.8	44.9	26.7	14.3	6.2	5.7	16.2	2.5
Farmers Alliance Mutual	75,354	63,888	24.0	45.9	30.1	1.1	44.0	.5	.5	.0
Federal Mutual	623,672	502,020	52.8	64.5	−17.3	11.5	9.1	25.1	15.8	3.0

COMPANY	Net premiums written (Countrywide)	Net premiums earned (Countrywide)	Underwriting Ratios (Countrywide): Losses incurred "E"	Expenses (adjusted)	Net gain (adjusted)	Analysis of Expenses (Countrywide): Loss adjustment "E"	Commission and brokerage "W"	Other acquisition "E"	General "E"	Taxes and fees "W"
Federated Mut. Imp. & Hard.	3,320,810	3,217,366	56.0	42.0	2.0	12.5	.1	17.1	9.9	2.4
General Mutual	1,995,096	1,839,749	67.9	45.3	−13.2	17.1	14.4	6.9	4.1	4.4
Grain Dealers Mutual	1,884,952	1,976,214	52.4	47.6	.0	13.9	12.8	9.8	8.4	2.7
Hardware Mutual Casualty	22,543,522	21,966,596	59.6	34.3	6.1	10.4	.3	16.3	4.8	2.4
Ideal Mutual	1,278,500	1,255,979	50.9	19.4	29.7	12.8	.5	.6	2.8	1.0
Indiana Lumbermens Mutual	5,413,175	4,860,191	59.2	43.1	−2.3	12.0	17.7	4.4	6.8	2.5
Interboro Mutual Indemnity	1,738,530	1,738,367	69.6	33.3	−2.9	16.3	2.9	4.3	8.2	3.7
Jamestown Mutual	2,367,759	2,192,426	51.9	43.5	4.6	13.8	12.5	4.9	8.4	2.0
Liberty Mutual Group	61,069,757	57,430,235	69.7	28.0	2.3	10.7	.6	11.0	2.9	2.1
Lumber Mutual of Boston	594,105	576,817	60.1	47.4	−7.5	16.7	14.0	6.9	6.6	3.2
Lumbermens Mutual	1,814,552	1,630,270	57.7	43.1	−.8	7.0	19.7	4.3	9.6	2.5
Lumbermens Mutual Casualty	41,162,927	40,794,333	55.5	40.5	4.0	11.8	14.4	6.8	4.7	2.1
Merchants Mutual	13,051,688	12,809,768	60.1	42.2	−2.3	14.0	15.2	3.4	6.0	2.4
Michigan Millers Mutual	915,040	721,163	61.2	52.4	−13.6	11.2	22.1	9.3	7.9	1.9
Michigan Mutual Liability	8,095,142	8,069,984	65.6	43.2	−8.8	16.7	8.3	12.0	4.4	1.8
Midwest Mutual	91,470	64,436	39.7	23.8	36.5	8.1	5.7	4.1	4.2	1.7
Mill Owners Mutual	714,423	609,912	74.2	62.4	−36.6	14.2	31.8	10.4	11.3	4.7
Millers Mutual of Ill.	1,233,105	1,088,443	71.5	50.9	−22.4	14.6	12.1	11.9	9.9	2.4
Millers Mut. Fire of Texas	1,779,828	1,708,904	52.7	44.6	2.7	12.4	20.2	4.5	5.7	1.6
National Grange Mutual Liab.	10,264,094	10,001,434	58.4	41.3	.3	12.9	13.7	6.7	2.5	3.6
Nationwide Mutual	63,393,488	60,713,688	59.7	41.1	−.8	15.7	8.2	9.6	5.0	2.6
Nationwide Mutual Fire	367,893	336,742	53.9	35.8	10.3	14.3	−6.2	16.4	10.2	1.1
N. Y. Mutual Casualty	1,332,079	1,407,638	64.5	41.3	−5.8	14.8	11.0	3.9	7.0	4.6
N. Y. Printers & Bookbinders	270,305	235,538	45.5	34.8	19.7	13.2	5.6	3.0	8.3	4.7
Norfolk & Dedham Mut.	686,082	575,697	53.3	47.5	−.8	7.5	17.3	6.9	12.7	3.1
Northwestern Mutual	9,828,159	9,247,811	52.7	54.2	−6.9	15.7	23.4	5.7	7.0	2.4
Oregon Mutual	332,438	241,683	66.8	54.1	−20.9	8.2	16.4	8.6	17.9	3.0
Pennsylvania Lumbermens Mut.	121,199	101,378	59.5	49.3	−8.8	8.0	19.2	9.9	9.7	2.8
Pennsylvania Millers' Mut. Fire	75,354	61,128	44.4	41.7	13.9	3.5	28.7	5.4	4.8	.3
Penna. Threshermen & Farmers'	9,305,018	8,732,964	73.2	49.5	−22.7	15.1	21.6	2.6	8.3	1.9
Public Service Mutual	4,146,412	4,315,120	71.6	47.4	−19.0	14.1	17.2	3.7	7.7	4.7
Security Mutual of N. Y.	665,316	611,617	61.1	50.0	−11.1	20.6	14.7	2.9	7.5	4.3
Security Mutual Casualty	5,402,498	5,093,734	86.5	30.2	−16.7	5.0	19.4	4.0	1.0	.8
State Farm Mutual Auto.	134,432,481	128,806,404	70.5	45.4	−15.9	25.3	6.3	8.5	2.9	2.4
Utica Mutual	15,725,261	14,735,271	56.0	35.4	8.6	10.6	13.1	3.1	5.5	3.1
Western Millers Mutual	240,569	386,025	105.1	68.2	−73.3	28.5	19.3	1.5	14.1	4.8
MUTUAL COMPANY AGGREGATES										
1954	328,044,605	322,256,362	54.3	38.8	6.9	14.6	8.2	8.8	4.8	2.8
1955	345,424,436	340,176,318	59.4	40.3	.3	15.2	8.5	9.5	4.5	2.6
1956	394,617,994	379,903,170	60.9	40.5	−1.4	15.1	8.8	9.1	4.8	2.7
1957	435,155,333	416,294,193	62.7	41.8	−4.5	16.7	8.6	9.1	4.7	2.7
1958	498,298,976	477,934,605	64.3	40.4	−4.7	16.1	8.5	8.6	4.8	2.7
LLOYDS AND RECIPROCALS										
Farmers Ins. Exchange	$40,030,290	$37,189,048	63.7	43.8	−7.5	12.5	28.5	.0	.2	2.6
Reciprocal Exchange	509,929	356,525	61.0	50.0	−11.0	11.8	9.8	14.2	13.8	.4
Truck Insurance Exchange	10,823,419	10,535,864	63.6	48.5	−12.1	18.2	27.4	.0	.1	2.8
United Services Automobile	15,568,051	14,132,275	50.0	27.3	22.7	12.6	.0	12.2	.6	1.9
LLOYDS AND RECIPROCAL AGGREGATES										
1954	46,068,703	44,723,020	50.1	43.6	6.3	15.0	24.4	1.8	.1	2.3
1955	49,843,512	48,463,500	57.0	44.1	−1.1	14.4	25.2	1.9	.2	2.4
1956	54,065,610	52,442,523	60.2	42.4	−2.6	13.7	23.8	2.3	.2	2.4
1957	60,681,624	57,808,595	67.7	42.8	−10.5	14.1	23.6	2.4	.3	2.4
1958	67,041,689	62,213,712	60.6	40.9	−1.5	13.5	21.6	2.9	.4	2.5
REINSURANCE COMPANIES										
Accident and Casualty	3,576,422	3,594,062	62.0	47.5	−9.5	12.9	22.0	4.8	5.0	2.8
American Re-Insurance	5,960,163	6,381,293	60.9	30.0	−10.9	6.2	21.2	1.7	.7	.3
Christiania General	275,994	293,877	68.8	46.6	−15.4	1.1	42.9	1.4	1.1	.1
Constitution	152,717	181,848	76.0	58.0	−34.0	3.2	52.2	.0	2.6	.8
Employers Reinsurance Corp.	10,625,467	9,791,637	55.1	43.4	1.5	5.2	34.7	2.5	.8	.2
General Reinsurance	8,943,838	8,946,214	65.0	44.3	−9.3	10.9	29.4	1.2	2.7	.1
General Security of N. Y.	390,438	462,944	102.7	46.3	−49.0	8.1	34.0	.0	4.2	.0
General of Trieste and Venice	124,040	120,849	83.9	53.1	−37.0	6.9	43.3	.0	2.8	.1
Hudson	34,142	25,706	68.0	37.8	−5.8	2.9	32.4	.4	2.0	.1
Inter-Ocean Reinsurance	31,726	22,718	67.6	34.8	−2.4	7.6	24.7	.9	1.1	.3
Munich Reinsurance	$122,413	$82,792	14.5	41.7	43.8	.5	37.9	2.0	1.3	.0
North American Reinsurance Corp.	5,896,704	4,842,493	85.4	44.9	−30.3	5.9	38.2	.8	.0	.0
Northeastern of Hartford	1,510,463	1,454,704	53.0	49.7	−2.7	4.3	45.0	.0	.4	.0
Prudential of Great Britain	170,710	128,531	68.0	37.7	−5.7	2.9	32.4	.4	1.9	.1
Reinsurance of N. Y.	32,428	35,480	73.8	40.6	−14.4	4.9	32.6	1.1	1.9	.1
Skandia	136,568	102,825	68.0	37.6	−5.6	2.9	32.3	.4	1.9	.1
Swiss National	74,587	98,361	99.7	56.4	−56.1	25.6	23.1	4.1	3.6	.0
Swiss Reinsurance	6,840,416	5,918,603	85.4	44.9	−30.3	5.9	38.2	.8	.0	.0
Union Reinsurance of Zurich	62,747	43,619	60.0	46.4	−6.4	.7	41.8	.0	3.9	.0
Unity Fire & General	381,892	332,888	45.9	43.4	10.7	1.8	37.4	1.4	2.3	.3
REINSURANCE COMPANY AGGREGATES										
1954	29,336,708	28,958,533	55.5	44.4	.1	6.3	34.3	1.8	1.6	.4
1955	32,291,582	31,865,745	59.7	44.4	−4.1	7.4	33.0	1.8	1.7	.3
1956	36,321,771	35,378,547	58.4	43.5	−1.9	6.7	32.5	1.9	1.7	.4
1957	38,898,660	37,884,582	65.0	45.7	−10.7	7.6	34.4	1.9	1.4	.4
1958	41,987,226	42,871,997	70.1	43.1	−13.2	7.4	32.3	1.7	1.4	.3

Nationwide Mut. Group Has Six-Month Gains

Nationwide had its best first half year ending June 30. Policies in force reached 3.2 million; premium income of $108 million was up 15.5%, and operating gains totaled $4.7 million. The two mutual companies—auto and fire—accounted for $3.9 million of operating gain, compared with a loss of $471,000 for the same period last year.

Nationwide Life had an operating gain of nearly $1 million, a rise of almost 50%, and insurance in force was nearly $1.5 billion, an increase of 8.6%. Nationwide General, which started business about a year ago, had a first half loss of $143,000, which was attributed largely to initial cost of starting business.

Since the end of 1958, all companies except Nationwide General showed increases in surplus and all four companies reported growth in assets.

Reliance Loss Down, Volume Up At Half

Reliance, General Casualty and Hoosier Casualty had a combined underwriting loss of $1,494,862 for the first half of 1959, down $650,990 from the same period in 1958. Premiums written were up 4.4% to $34,191,200. Investment income was $1,700,312, a gain of $13,520. Net income was $205,449, against a loss of $459,060 in the first half of 1958.

Loss ratio to premiums earned was 62.7 and expense ratio to premiums written was 40.6. The total of 103.3 was 2.5 points below combined ratios for the first half of 1958. Assets at June 30, 1959 were $128,577,850 and policyholders surplus was $46,578,578.

COMPANY	Net premiums written (Countrywide)	Net premiums earned (Countrywide)	Underwriting Ratios (Countrywide)			Analysis of Expenses (Countrywide)				
			Losses incurred "E"	Expenses (adjusted)	Net gain (adjusted)	Loss adjustment "E"	Commission and brokerage "W"	Other acquisition "E"	General "E"	Taxes and fees "W"
Stock Companies										
Ætna Casualty and Surety	15,547,941	14,370,110	50.0	50.6	—.6	3.9	22.0	7.5	13.1	4.1
Ætna Insurance Group	41,658,263	46,492,368	50.2	46.2	3.6	3.3	25.3	5.9	8.2	3.5
Affiliated FM	5,770,407	4,662,234	45.4	40.8	13.8	.7	22.2	6.2	10.3	1.4
Agricultural Group	9,022,490	9,504,846	54.3	49.9	—4.2	2.9	29.5	5.7	8.6	3.2
Albany	866,737	771,635	79.0	72.5	—51.5	7.2	17.4	19.0	21.0	7.9
Alliance Assurance	203,783	215,713	45.8	49.9	4.3	3.6	21.8	4.9	15.4	4.2
Allstate Group	5,203,662	4,320,656	38.8	34.2	27.0	4.1	8.8	12.0	6.0	3.3
Alpina	85,327	53,488	75.6	33.9	—9.5	8.8	1.7	6.0	11.1	6.3
America Fore Group	76,140,877	70,720,806	52.1	54.3	—6.4	3.8	24.6	10.1	12.2	3.6
American Casualty Group	2,906,236	2,748,971	52.8	55.9	—8.7	4.3	29.1	6.6	11.7	4.2
American Druggists'	542,837	557,699	33.9	28.6	37.5	1.7	—6.9	3.6	23.2	7.0
American Employers'	2,096,252	1,869,889	54.7	50.3	—5.0	3.3	27.3	6.5	10.6	2.6
American Home Assurance	5,554,561	5,628,349	60.4	51.2	—11.6	5.4	28.3	3.9	8.2	5.4
American Insurance Group	28,872,576	29,984,239	51.1	51.8	—2.9	4.5	25.1	11.9	6.9	3.4
American Liberty	44,494	189,985	49.6	17.0	33.4	5.5	—58.9	7.6	10.2	52.6
American Motorists	2,378,994	2,037,012	40.4	45.6	14.0	3.5	20.7	9.9	9.0	2.5
American Surety Group	2,635,968	1,297,596	75.6	69.1	—44.7	4.7	28.5	11.7	20.4	3.8
Atlantic National	89,254	20,782	56.8	54.4	—11.2	13.6	15.3	10.5	12.5	2.5
Atlas Assurance	2,631,682	2,345,405	79.1	71.7	—50.8	7.0	17.3	18.8	20.8	7.8
Balboa	277,409	264,647	71.2	63.7	—34.9	9.8	39.7	4.2	4.6	5.4
Balfour-Guthrie	596,590	626,162	67.2	53.8	—21.0	2.3	44.6	.0	2.8	4.1
Baloise Marine	158,632	201,613	58.2	55.8	—14.0	6.1	19.7	11.6	13.3	5.1
Bay State	1,076,071	740,094	55.6	50.2	—5.8	3.1	35.3	3.8	6.2	1.8
Birmingham Fire & Casualty	930,860	1,159,048	60.3	51.6	—11.9	4.0	35.2	.9	6.3	5.2
Boston Group	16,489,180	16,656,497	52.8	49.2	—2.0	4.5	27.5	7.0	7.0	3.2
British America Assurance	888,632	920,082	49.8	46.3	3.9	3.3	27.2	5.2	7.4	3.2
Buffalo	2,449,513	2,863,123	64.3	53.4	—17.7	4.5	28.3	7.8	8.3	4.5
Camden Fire Ins. Ass'n.	8,101,359	8,185,610	58.9	49.3	—8.2	3.5	31.0	5.4	6.0	3.4
Century Group	1,721,547	2,019,261	59.3	52.9	—12.2	4.5	31.6	2.2	8.6	6.0
Church Fire	121,159	97,584	64.4	—62.6	98.2	5.4	—213.7	86.2	42.4	17.1
Citizens Casualty of N. Y.	1,317,891	713,757	62.5	62.7	—25.2	6.4	29.2	10.6	11.7	4.8
Commerce and Industry	2,788,312	1,146,204	63.8	26.1	10.1	5.3	11.1	6.2	3.1	.4
Commercial Union Group	15,926,883	16,376,591	53.8	49.3	—3.1	3.4	25.0	5.7	11.0	4.2
Continental Casualty	5,946,709	6,627,608	61.8	43.2	—5.0	3.0	34.8	1.0	3.4	1.0
Corroon & Reynolds Group	16,465,640	17,638,575	53.2	52.9	—6.1	6.1	26.8	5.9	9.9	4.2
Dubuque F. & M.	$1,155,714	$1,049,834	51.3	52.3	—3.6	4.4	32.3	5.7	6.2	3.7
Eagle Fire (N. J.)	982,274	773,640	56.7	45.9	—2.6	2.5	35.8	.0	6.2	1.4
Eagle Star	452,961	431,146	77.2	49.1	—26.3	4.1	40.0	.2	1.4	3.4
Employers' Fire	4,977,976	5,337,774	47.6	48.6	3.8	2.9	27.1	5.3	9.7	3.6
Employers' Liability	4,325,199	3,520,946	54.5	53.2	—7.7	3.4	29.7	6.6	10.7	2.8
Equity General	182,641	141,250	52.3	—97.1	144.8	6.3	—124.7	6.5	12.8	2.0
Excelsior of N. Y.	710,436	573,382	52.7	50.2	—2.9	5.7	10.5	16.8	12.4	4.8
Export	115,261	118,738	.0	—25.7	125.7	.6	—61.5	1.9	23.1	10.2
Federal	6,061,306	6,293,834	43.7	47.1	9.2	3.3	22.4	4.4	13.2	3.8
Fidelity and Deposit	129,593	69,775	25.6	123.2	—48.8	8.2	34.2	21.4	56.3	3.1
Fireman's Fund Group	44,242,600	39,581,86[illegible]	52.2	49.4	—1.6	3.3	26.4	7.4	9.3	3.0
First National of America	2,787,441	2,773,269	41.3	51.5	7.2	2.9	30.4	4.4	10.0	3.8
Founders'	703,401	690,011	62.1	63.6	—25.7	6.4	30.3	13.7	11.2	2.0
General of America	24,886,526	24,461,412	38.4	44.4	17.2	2.5	24.7	4.7	9.4	3.1
General Accident Group	7,827,733	6,657,292	50.7	53.7	—4.4	5.4	32.2	3.8	9.1	3.2
General Fire & Casualty	160,637	92,123	69.1	136.9	—106.0	3.7	20.6	40.0	67.0	5.6
Glens Falls	14,993,610	15,323,876	48.5	47.4	4.1	4.2	25.5	4.3	10.4	3.0
Government Employees	353,229	168,731	51.0	33.2	15.8	4.5	.4	13.4	12.3	2.6
Grange League Federation	597,[illegible]	395,108	26.2	20.0	53.8	2.1	—1.3	5.2	12.2	1.8
Great American Group	39,089,[illegible]	40,616,354	54.5	49.0	—3.5	3.5	24.6	6.2	10.9	3.8
Halifax of Mass.	1,015,255	885,194	56.6	54.2	—10.8	3.2	34.1	2.7	11.5	2.7
Hanover Group	12,557,249	12,902,638	56.5	52.7	—9.2	3.2	30.4	5.3	9.1	4.7
Hartford Fire Group	75,897,050	75,115,380	51.1	48.1	.8	3.2	25.5	7.9	8.4	3.1
Hawkeye-Security	1,161,671	749,395	55.9	64.5	—20.4	8.3	23.1	8.0	21.0	4.1
Home	87,239,482	90,402,425	53.6	48.3	—1.9	4.4	24.3	7.8	8.3	3.5
Illinois	1,195,575	1,190,674	49.1	45.2	5.7	3.4	24.6	8.2	6.4	2.6
Indemnity of North America	—180,065	1,402	—	—	—	—	—	—	—	—
Insurance Co. of North America	53,113,687	41,157,776	47.4	39.1	13.5	2.4	17.8	8.2	8.0	2.7
Insurance Co. of St. Louis	294,088	312,899	36.3	62.7	1.0	5.6	48.8	2.4	2.6	3.3
Insurance Co. of State of Pa.	1,851,520	1,876,116	60.5	51.2	—11.7	5.4	28.3	3.9	8.2	5.4
Jefferson	236,729	294,173	64.5	52.4	—16.9	6.2	22.3	7.1	11.4	5.4
Kansas City F. and M.	1,413,861	1,2[illegible]2,981	46.5	58.8	—5.3	3.8	19.3	16.5	13.8	5.4
London & Lancashire Group	6,834,091	7,247,776	52.4	53.5	—5.9	4.6	26.5	6.8	11.5	4.1
London Group	5,264,328	5,529,735	58.9	60.0	—18.9	6.7	23.4	10.8	13.5	5.6
Loyalty Group	43,273,762	34,435,997	53.7	50.6	—4.3	4.9	26.9	7.3	8.1	3.4
Maritime	85,296	53,664	72.3	41.7	—14.0	11.0	1.7	6.6	12.1	10.3
Maryland Casualty	5,112,673	4,322,020	56.7	49.1	—5.8	3.6	27.2	11.0	3.6	3.7
Massachusetts Bonding	924,618	753,851	56.7	48.6	—5.3	3.1	30.4	7.0	6.0	2.1
Merchants Fire	—214,759	1,179,707	—	—	—	—	—	—	—	—
Merchants Group	6,577,249	7,042,447	51.6	50.4	—2.0	4.4	31.7	4.2	6.9	3.2
Motor Club of America	26,870	26,912	72.1	—13.0	40.9	14.5	—42.6	1.4	12.9	.8
National Casualty	356,191	353,165	41.5	52.5	6.0	2.1	49.2	.5	.5	.2
National of Hartford Group	24,897,296	26,017,771	52.1	48.2	—.3	3.9	24.8	7.0	9.0	3.5
National Grange Fire	4,708	475,933	—	—	—	—	—	—	—	—
National Union Group	13,931,860	15,109,159	54.5	48.1	—2.6	3.6	24.3	7.8	7.6	4.8
Netherlands	218,934	295,992	66.6	55.4	—22.0	8.1	30.5	8.0	5.9	2.9
New Amsterdam Casualty	1,708,946	1,226,263	57.3	55.6	—12.9	5.3	25.6	5.3	16.2	3.2
New Hampshire Fire Group	12,680,101	12,953,914	56.0	47.5	—3.5	4.7	25.8	6.5	6.3	4.2
New York Fire & Marine Unds.	401,499	194,074	77.5	65.6	—43.1	3.3	37.4	10.3	13.7	.9
New Zealand	898,918	1,142,475	48.3	45.8	5.9	4.6	12.0	11.6	13.1	4.5
North British Group	18,032,255	20,571,699	49.7	49.4	.9	4.5	25.7	6.4	8.0	4.8
North River	9,042,568	9,372,652	49.7	46.6	3.7	3.2	27.7	5.2	7.4	3.1
Northern of N. Y. Group	12,056,880	11,974,098	40.1	54.5	5.4	4.6	28.9	8.4	8.6	4.0
Northern Assurance Group	3,807,289	5,037,188	58.6	54.8	—13.4	4.0	21.3	9.4	14.4	5.7
Northwestern National	7,934,644	7,758,759	45.8	52.3	1.9	4.2	29.9	7.3	6.9	4.0
Norwich Union Group	2,912,186	3,583,460	51.1	54.3	—5.4	4.4	24.4	8.8	11.3	5.4
Ohio Farmers Group	5,574,775	5,572,054	49.3	49.1	1.6	3.9	29.9	4.6	7.8	2.9
Old Republic	44,608	35,169	69.9	116.9	—86.8	13.3	—7.6	4.6	94.7	11.9
Pacific Fire Group	9,376,860	8,225,639	49.1	48.8	2.1	4.3	28.6	4.4	8.0	3.5
Pacific Indemnity	1,413,943	1,182,733	56.9	64.9	—21.8	6.6	20.1	12.7	19.3	6.2
Pacific National Fire	6,024,427	7,053,674	48.9	59.7	—8.6	4.6	32.2	9.0	9.9	4.0
Paramount Fire	1,693,681	1,710,435	38.8	56.0	5.2	4.0	37.0	4.9	6.7	3.4
Pearl-Monarch Group	9,528,267	10,890,576	53.9	52.1	—6.0	3.5	29.7	6.8	8.7	3.4
Peerless	1,970,406	2,663,923	54.4	54.5	—8.9	8.5	29.6	8.1	5.9	2.4
Philadelphia F. and M.	—6,784,432	3,955,258	—	—	—	—	—	—	—	—
Phoenix (Hartford) Group	$33,558,884	$33,091,243	52.4	48.1	—.5	3.1	27.6	6.0	8.0	3.4
Phoenix of London Group	6,818,041	7,652,453	56.0	54.6	—10.6	5.0	21.8	8.7	14.0	5.1
Providence Washington	6,708,804	7,254,242	55.1	48.5	—3.6	4.7	27.3	5.3	7.9	3.3
Quaker City	—2,786	225,033	—	—	—	—	—	—	—	—
Reliable	1,088,240	897,907	55.9	57.4	—13.3	4.9	36.2	5.2	8.7	2.4
Reliance	15,598,250	16,377,384	51.1	51.6	—2.7	3.1	29.1	6.5	9.5	3.4
Reliance Marine	85,395	53,664	76.0	36.7	—12.7	8.5	1.7	6.8	12.2	7.5
Republic	7,474,965	7,361,099	32.8	54.2	13.0	3.0	33.0	8.0	6.5	3.7
Royal Exchange Assur. Group	3,979,263	4,054,969	61.0	59.4	—20.4	5.4	34.2	6.6	9.1	4.1
Royal-Globe Group	44,765,622	49,312,233	53.9	46.6	—.5	3.0	25.6	5.6	9.1	3.3
St. Louis F. and M.	588,175	625,799	36.3	63.0	.7	5.6	48.8	2.4	2.9	3.3
St. Paul Group	28,748,564	26,941,985	51.6	45.2	3.2	3.1	27.5	4.1	7.6	2.9
Scottish Union Group	4,739,364	4,963,521	56.1	50.2	—6.3	3.1	26.8	6.4	9.4	4.5
Sea	1,153,206	1,220,821	45.8	49.9	4.3	3.4	22.4	4.8	15.1	4.2
Seaboard Surety	447,811	168,579	71.4	37.5	—8.9	2.1	35.4	.0	.0	.0
Security Group	5,195,646	6,179,630	51.2	49.6	—.8	3.3	29.1	4.0	10.5	2.7
South British	1,901	122,833	—	—	—	—	—	—	—	—
South Carolina	1,345,532	1,623,087	59.8	51.2	—11.0	3.9	29.6	1.8	9.1	6.8
Springfield Group	22,266,149	24,112,985	52.3	47.6	.1	3.9	24.2	7.0	9.1	3.4
Standard Accident Group	3,569,341	3,524,377	58.7	60.8	—19.5	5.6	22.5	9.6	18.1	5.0
Standard Fire	6,126,792	6,176,288	49.4	48.0	2.6	3.4	24.7	5.7	10.7	3.5
Standard Fire of N. J.	1,473,891	1,426,121	54.2	48.8	—3.0	4.8	28.3	3.9	9.0	2.8
Standard Marine	759,343	805,308	52.4	53.4	—5.8	4.6	26.5	6.8	11.4	4.1
State Farm Fire & Casualty	7,553,448	6,937,398	41.7	53.2	5.1	5.6	8.3	16.1	17.4	5.8
Stuyvesant	475,055	394,105	18.9	21.6	59.5	3.0	—.8	7.1	5.8	6.5
Sun Group	5,709,101	5,451,919	59.3	50.8	—10.1	4.4	29.8	4.6	8.3	5.7
Switzerland General	4,225,083	4,287,539	55.2	48.2	—3.4	2.7	40.7	1.0	2.5	1.3
Travelers Indemnity Group	30,279,457	27,086,267	48.9	49.4	1.7	3.2	24.9	8.0	10.0	3.3
Underwriters	1,797,555	1,314,512	69.3	40.6	—9.9	6.5	21.9	.0	9.6	2.6
Union of Canton	537,918	807,496	57.8	45.4	—3.2	4.0	20.9	1.8	10.5	8.2
United Fire	1,414,096	1,411,138	12.1	58.8	29.1	1.2	38.5	6.9	7.7	4.5
United Pacific	710,784	584,860	50.7	57.6	—8.3	6.1	18.5	13.6	15.9	3.5
United Security	—869,777	—9,997	—	—	—	—	—	—	—	—
United States Casualty	896,400	648,480	52.3	51.8	—4.1	6.3	26.8	4.2	11.1	3.4
U. S. Fidelity & Guaranty	21,717,143	19,942,161	49.6	51.4	—1.0	3.6	27.3	7.2	10.4	2.9
United States Fire	19,697,789	20,388,253	49.6	47.2	3.2	3.2	27.5	5.3	8.1	3.1
United States Liability	91,530	158,329	101.9	34.5	—36.4	1.4	26.9	.6	3.5	2.1
Universal	34,983	36,327	57.2	39.0	3.8	.3	35.8	.0	1.2	1.7
Utah Home Fire	1,370,163	1,327,370	54.2	49.8	—4.0	3.4	36.0	.7	6.4	3.3
Vigilant	678,466	718,035	45.4	50.1	4.5	3.4	22.1	4.9	15.5	4.2
Wabash Fire & Casualty	406,221	289,790	60.0	86.0	—46.0	14.3	26.4	10.6	28.7	6.0
Westchester Fire	9,937,005	10,267,624	49.1	47.1	3.8	3.2	27.0	5.3	8.5	3.1
Western Assurance	1,580,022	1,636,054	49.8	46.3	3.9	3.3	27.2	5.2	7.4	3.2
Western Fire	2,070,013	1,826,226	57.9	51.5	—9.4	5.8	30.3	2.1	8.1	5.2
Yorkshire Group	3,071,381	3,093,489	48.1	57.3	—5.4	4.1	28.6	9.2	11.2	4.2
Zurich-American Group	1,611,205	1,212,653	48.8	74.7	—23.5	8.0	19.3	20.4	23.8	3.2
STOCK COMPANY AGGREGATES										
1954	$1,160,523,277	$1,163,886,852	44.2	47.4	8.4	3.0	25.1	6.9	9.6	3.4
1955	1,160,603,969	1,166,753,550	46.2	47.9	5.9	3.0	25.7	6.9	8.9	3.4
1956	1,173,264,175	1,164,762,229	51.7	49.0	—.7	3.4	25.8	7.1	9.2	3.5
1957	1,169,727,725	1,167,013,127	51.7	49.7	—1.4	3.7	25.7	7.1	9.5	3.7
1958	1,185,046,655	1,181,257,413	51.6	49.4	—1.0	3.8	25.8	7.1	9.2	3.5

1958 Experience On Fire Insurance Given For Insurers Licensed In New York

The 1958 countrywide fire experience of companies licensed in New York is shown in the accompanying tables as compiled by the New York department.

Incurred losses are based on case estimate reserves and exclude allocated claim expense. Expense ratios include both allocated and unallocated claim expenses. The figures are net after reinsurance. All ratios are based on earned premiums (indicated "E") except commission and brokerage and taxes and fees which are based on written premiums (indicated "W"). Expenses do not include federal income tax, and the net gain is before such tax. Companies are not shown which had a premium volume of less than $10,000. Where groups filed consolidated expense exhibits, no results are shown for individual insurers.

COMPANY	Net premiums written (Countrywide)	Net premiums earned (Countrywide)	Underwriting Ratios (Countrywide)			Analysis of Expenses (Countrywide)				
			Losses incurred "E"	Expenses (adjusted)	Net gain (adjusted)	Loss adjustment "E"	Commission and brokerage "W"	Other acquisition "E"	General "E"	Taxes and fees "W"
MUTUAL COMPANIES										
Abington Mutual Fire	$650,722	$653,558	40.1	42.8	17.1	4.4	24.0	2.6	9.4	2.4
Allied American Mutual Fire	498,070	556,767	43.3	28.9	27.8	3.8	—1.2	16.0	8.9	1.4
American Hardware Mutual	6,101,013	6,355,930	30.7	34.2	35.1	2.3	—1.2	19.0	11.1	3.0
American Mfrs. Mutual	4,826,660	5,332,306	34.1	39.1	26.8	2.5	22.6	4.2	7.6	2.2
American Mutual Liability	14,531	250,026	3.6	922.6	—826.2	.0	922.5	.0	.1	.0
Atlantic Mutual Group	5,871,022	5,215,510	53.3	52.4	—5.7	3.1	22.4	12.6	11.0	3.3
Automobile Mutual of Am.	31,165	16,424	6.0	42.0	52.0	.8	.0	22.2	16.5	2.5
Badger Mutual	2,524,748	2,416,718	57.4	48.3	—5.7	5.9	17.7	8.3	11.5	4.9
Berkshire Mutual Fire	1,581,726	1,765,491	41.3	37.0	21.7	2.9	18.5	5.6	7.1	2.9
Cambridge Mutual Fire	1,610,819	1,644,041	49.1	40.0	10.9	3.2	22.5	4.3	7.0	3.0
Central Mutual	10,360,717	11,490,259	37.7	41.7	20.6	3.6	21.5	7.4	6.2	3.0
Cosmopolitan Mutual	310,413	332,825	57.1	46.9	—4.0	7.2	4.3	10.3	20.1	5.0
Dorchester Mutual Fire	414,640	449,332	35.1	36.1	28.8	3.6	16.1	3.8	10.0	2.6
Empire Mutual	219,029	95,799	51.8	29.2	19.0	5.6	5.5	1.7	12.0	4.4
Employers Mutual Casualty	1,480,783	1,338,002	47.6	44.8	7.6	3.6	25.0	2.3	10.8	3.1
Employers Mutual Fire	$1,665,003	$1,687,920	25.8	36.4	37.8	1.8	—5.4	26.7	10.2	3.1
Employers Mutual Liability	47,081	36,629	24.1	51.4	24.5	.0	50.8	.0	.0	.6
Farm Family Mutual	75,433	31,643	72.8	101.3	—74.1	36.5	10.1	19.1	33.1	2.5
Farmers Alliance Mutual	1,577,055	1,528,324	47.2	46.7	6.1	3.1	28.9	4.8	6.7	3.2
Farmers Fire	991,803	1,017,822	57.6	55.1	—12.7	4.4	33.4	5.3	10.4	1.6
Federal Mutual	126,099	348,656	36.4	80.6	—17.0	2.6	102.1	—11.8	—7.8	—4.5
Federated Mut. Imp. & Hard.	7,158,188	7,644,534	39.9	37.9	22.2	2.3	7.5	16.4	9.2	2.5
Fitchburg Mutual Fire	406,817	417,571	39.9	41.3	18.8	2.7	21.1	2.6	12.4	2.5
Florists' Mutual	287,139	279,206	42.0	28.3	29.7	1.5	12.8	9.2	3.3	1.5
Grain Dealers Mutual	8,276,000	8,728,507	37.8	36.6	25.6	2.5	14.9	5.7	10.5	3.0
Hardware Dealers Mut. Fire	9,473,733	10,000,928	32.9	32.8	34.3	1.3	—.9	19.5	10.0	2.9
Hardware Mutual Casualty	100,743	24,308	2.9	42.6	54.5	.1	42.5	.0	.0	.0
Hingham Mutual Fire	568,693	588,580	39.5	33.1	27.4	3.5	16.7	5.4	5.5	2.0
Holyoke Mutual Fire	1,935,559	1,596,206	44.6	45.9	9.5	4.3	25.0	3.7	10.2	2.7
Indiana Lumbermens Mutual	6,687,239	7,085,440	43.9	37.2	18.9	2.4	17.8	5.7	8.6	2.7
Jewelers Mutual	103,561	104,250	52.7	37.8	9.5	3.1	.7	27.4	3.9	2.7
Liberty Mutual Group	9,771,531	9,971,504	39.4	33.5	27.1	2.2	1.9	17.1	9.9	2.4
Lumber Mutual of Boston	2,037,477	2,188,034	51.4	25.8	22.8	2.4	—1.3	12.8	8.4	3.5
Lumbermens Mutual	5,759,492	6,076,115	40.6	38.8	20.6	2.6	20.0	3.6	9.6	3.0
Lumbermens Mutual Casualty	3,818,961	3,185,328	45.1	40.4	14.5	2.5	23.1	6.1	7.0	1.7
Lynn Mutual Fire	534,355	506,966	35.8	41.5	22.7	3.3	25.4	3.2	6.8	2.8
Merchants & Business Men's	1,043,133	875,593	43.0	—117.2	174.2	3.1	—224.4	73.3	23.1	7.7
Merchants Mutual	118,842	50,571	71.9	91.7	—63.6	6.2	7.4	17.6	56.4	4.1
Merrimack Mutual Fire	4,464,782	4,577,517	48.1	41.1	10.8	2.8	25.0	4.0	6.5	2.8
Michigan Millers Mutual	7,469,564	7,514,382	43.5	42.4	14.1	2.9	22.9	6.9	7.4	2.3
Michigan Mutual Liability	650,105	573,342	39.7	49.1	11.2	11.7	4.3	22.3	8.9	1.9
Middlesex Mutual Fire	2,137,420	2,027,863	35.8	41.7	22.5	3.3	25.4	3.3	6.8	2.9
Mill Owners Mutual	3,185,587	3,296,139	34.1	38.2	27.7	2.2	20.2	4.4	8.3	3.1
Millers Mutual of Ill.	3,833,966	3,773,645	33.8	33.0	33.2	1.8	15.8	7.3	6.3	1.8
Millers Mutual Fire (Pa.)	1,848,472	1,783,699	35.0	36.5	28.5	2.4	12.2	6.0	12.8	3.1
Millers Mut. Fire of Texas	2,771,775	2,682,990	40.7	39.4	19.9	3.5	23.8	4.5	5.9	1.7
Millers National	3,058,188	3,296,822	44.9	39.8	15.3	3.1	20.5	7.6	6.0	2.6
Mutual of Hartford	982,925	894,729	48.7	55.3	—4.0	6.4	25.4	14.7	6.0	2.8
National Grange Mutual Liab.	728,550	95,796	37.2	63.4	—.6	12.7	32.5	13.8	3.9	.5
Nationwide Mutual Fire	6,915,426	6,352,261	41.1	51.6	7.3	5.6	13.7	15.0	14.3	3.0
N. Y. Merchant Bakers Mut. Fire	66,726	63,106	17.3	54.9	27.8	5.8	4.0	.0	37.6	7.5
Norfolk & Dedham Mut.	1,806,195	2,072,830	49.4	38.2	12.4	3.4	11.4	6.9	11.7	4.8
Northwestern Mutual	15,401,533	16,134,180	37.7	39.6	22.7	2.8	22.5	4.6	7.4	2.3
Oregon Mutual	2,796,561	2,919,694	44.9	41.9	13.2	4.1	16.4	6.0	12.4	3.0
Pawtucket Mutual	1,571,036	1,647,621	37.3	39.9	22.8	3.2	22.1	3.3	8.6	2.7
Pennsylvania Lumbermens Mut.	5,802,273	5,961,300	44.8	30.4	24.8	3.5	.9	10.5	11.8	3.7
Pennsylvania Millers' Mut. Fire	3,617,535	3,677,209	39.1	40.8	20.1	2.1	25.7	3.2	7.9	1.9
Penna. Threshermen & Farmers'	445,496	214,031	100.6	52.0	—52.6	9.9	26.0	4.8	6.0	5.3
Providence Mutual Fire	343,678	384,008	33.7	42.2	24.1	2.6	19.1	8.4	9.4	2.7
Public Service Mutual	439,871	306,723	72.0	55.9	—27.9	11.0	4.2	11.3	22.1	7.3
Quincy Mutual Fire	4,402,014	4,242,335	45.5	36.1	18.4	2.7	23.0	3.5	4.4	2.5
Security Mutual of N. Y.	93,501	43,107	73.0	57.9	—30.9	10.4	—48.4	15.3	64.8	15.8
Security Mutual Casualty	1,881,090	1,218,232	54.6	38.8	6.6	1.1	34.0	1.5	1.4	.8
State Farm Mutual Auto.	4,532,098	4,162,431	41.7	53.9	4.4	2.4	51.5	.0	.0	.0
Suffolk County Mutual	102,357	106,277	38.4	60.3	1.3	1.9	37.4	6.4	12.4	2.2
Traders and Mechanics	929,667	875,306	32.7	34.6	32.7	3.0	15.7	3.6	9.6	2.7
Union Mutual of Providence	437,629	449,082	50.9	15.2	33.9	7.8	—39.9	21.9	16.7	8.7
Utica Mutual	384,602	389,117	47.2	45.8	7.0	2.1	26.7	4.2	11.4	1.4
Western Millers Mutual	525,827	961,565	47.3	37.3	15.4	1.9	16.7	1.4	18.5	4.8
Worcester Mutual Fire	3,163,978	2,981,480	44.9	41.3	13.8	3.7	21.7	5.9	7.6	2.4
Workmens Mutual Fire	186,501	191,858	44.3	75.2	—19.5	11.0	.0	48.9	12.9	2.4
MUTUAL COMPANY AGGREGATES										
1954	181,596,662	175,709,222	36.4	38.2	25.4	2.5	15.2	9.3	8.8	2.8
1955	183,018,221	180,791,419	37.5	39.1	23.4	2.6	15.2	9.7	8.9	2.7
1956	185,476,349	186,696,567	40.7	39.1	20.2	2.7	15.2	9.5	9.0	2.7
1957	184,877,894	185,931,506	42.2	38.5	19.3	2.7	14.9	9.3	8.8	2.8
1958	186,045,949	187,741,607	40.8	39.0	20.2	3.0	15.6	9.0	8.7	2.7
FACTORY MUTUAL COMPANIES										
Arkwright Mutual Fire	$8,415,096	$7,884,830	19.4	15.1	65.5	.9	.0	3.6	9.1	1.5
Blackstone Mutual	14,697,702	13,485,167	18.7	14.5	66.8	.7	—.9	5.3	8.1	1.3
Boston Mfrs. Mutual	14,453,922	13,611,883	17.7	19.8	62.5	.7	3.0	3.4	11.4	1.3
Firemen's Mutual	21,234,827	19,163,899	22.5	17.0	60.5	.9	2.2	3.7	9.1	1.1
Industrial Mutual	5,308,124	5,197,733	18.8	19.0	62.2	.9	1.0	3.3	12.4	1.4
Manufacturers' Mutual Fire	33,393,960	30,481,450	20.1	12.3	67.6	.6	—.5	4.3	6.8	1.1
Philadelphia Mfrs. Mutual	5,003,622	4,699,581	18.6	10.3	71.1	.6	.0	3.2	5.6	.9
Protection Mutual	7,121,642	6,672,791	19.5	16.0	64.5	.7	—.4	7.0	7.1	1.6
FACTORY MUTUAL AGGREGATES										
1954	93,280,203	91,142,487	25.0	14.7	60.3	.7	.3	4.2	8.3	1.2
1955	86,846,653	85,542,131	35.9	16.1	48.0	.8	.3	4.0	9.8	1.2
1956	91,908,067	89,611,586	24.3	16.4	59.3	.7	.4	4.4	9.5	1.4
1957	109,280,106	102,349,478	29.4	15.5	55.1	.9	.7	4.0	8.6	1.3
1958	109,629,514	101,197,354	19.8	15.2	65.0	.7	.6	4.2	8.5	1.2
ADVANCE PREMIUM CO-OPERATIVES										
Canton Co-operative Fire	$66,480	$69,699	87.6	37.0	—24.6	4.6	10.2	18.0	3.9	.3
Co-operative Fire, Catskill	248,875	282,873	53.7	42.2	4.1	5.3	13.1	12.3	10.6	.9
Home Mutual Fire of Broome	682,904	620,482	64.6	38.9	—3.5	7.3	1.8	9.6	14.2	6.0
Livingston County Mutual	25,543	27,333	35.1	4.8	60.1	.9	—15.7	9.2	9.8	.6
New York Central Mut. Fire	349,884	345,154	53.4	35.1	11.5	8.0	—3.5	13.6	12.8	4.2
Olive Co-operative Fire	130,714	120,300	52.0	42.8	5.2	9.7	5.3	13.6	13.6	.6
Otsego Mutual Fire	290,855	301,482	53.4	39.1	7.5	5.2	21.7	5.9	5.3	1.0
Pioneer Co-operative Fire	423,954	431,981	62.2	47.0	—9.2	5.6	20.3	11.5	5.5	4.1
Preferred Mutual	1,104,796	1,105,951	48.0	41.9	10.1	3.6	26.3	5.8	3.8	2.4
Security Mutual Fire	216,001	204,883	54.8	44.0	1.2	5.5	10.4	14.3	13.1	.7
Sterling Fire	331,146	335,511	55.0	41.2	3.8	3.5	12.0	9.9	13.1	2.7
Tompkins Co-operative Fire	241,448	245,260	54.3	46.7	—1.0	5.7	10.6	14.6	14.8	1.0
Utica Fire of Oneida County	371,028	411,426	47.0	42.5	10.5	4.7	20.9	10.9	3.5	2.5
ADVANCE PREMIUM CO-OPERATIVE AGGREGATES										
1954	4,980,717	4,962,614	48.1	43.6	8.3	4.2	18.4	10.8	8.0	2.2
1955	4,732,859	4,974,424	47.5	41.6	10.9	4.3	17.2	9.8	7.9	2.4
1956	4,323,591	4,761,723	52.9	42.5	4.6	5.1	16.2	10.0	8.4	2.8
1957	4,286,201	4,493,475	56.1	42.0	1.9	5.7	14.6	10.2	8.7	2.8
1958	4,483,618	4,502,325	54.5	41.2	4.3	5.3	14.5	10.0	8.6	2.8
LLOYDS AND RECIPROCALS										
American Reciprocal Insurers	—$599,400	$1,586,461	—	—	—	—	—	—	—	—
Canners Exchange	3,198,838	3,249,838	34.7	31.7	33.6	2.0	25.4	.0	2.3	2.0
Druggists Ind. Exchange	71,157	51,324	54.7	57.7	—12.4	3.9	24.0	8.1	17.0	4.1
Lloyds, N. Y.	129,888	129,368	55.2	—14.5	59.3	14.7	—121.1	24.9	23.8	43.2
Reciprocal Exchange	394,461	387,767	31.1	37.2	31.7	2.6	9.8	10.9	9.5	4.4
Warner Reciprocal Insurers	1,184,422	1,289,281	49.9	38.4	11.7	2.3	31.6	.0	3.3	2.2

(CONTINUED ON PAGE 25)

Describe Inter-Regional's Functions, Defend Nationalization

(CONTINUED FROM PAGE 5)

the more recent years of the period under review.

IRIC's research and recommendations in connection with dwelling building and contents forms have been of great service to bureaus and industry and have resulted in great benefits to agents and brokers and the public in developing a clarity of meaning and understanding of coverage available to the public. Other activities include radioactive contamination protection and federal insurance.

When the recommendations of the conference are received by the local rating organizations, they are independently studied and considered at that level by committees and governing bodies of the rating organizations. In event of concurrence, the material so recommended is filed by the local rating organization with the state authorities. The member companies of IRIC have no obligation whatsoever to comply with the recommendations of IRIC. Adherence arises only out of the relationship of members and subscribers to each local rating bureau. It is believed vital to the maintenance of a sound industry and in the best public interest that fundamental principles be established and observed consistently. It is the purpose of IRIC to assist in achieving this objective from which effort results reasonable uniformity and coordination of practice and principles among the various local fire rating organizations.

Sen. Kefauver asked Mr. Close if there hadn't been a good reason for the regional advisory organizations in the first place. Mr. Close said yes. This trend toward concentrating everything in one place of control and the operations of people and companies over the U.S. run by a handful of people in New York "doesn't set well with me," the Senator declared.

It isn't a "handful" of people, Mr. Close rejoined.

If there is a regional body in the southeast, the people of Tennessee have a chance to get to it, but not if it is in New York, Sen. Kefauver went on. Mr. Close indicated IRIC would retain regional committees. That would give recognition to local fire insurance conditions. Also, local rating bureaus continue.

Making National Word Final

But there wouldn't be a local advisory organization. "You have said that at times minor company officials don't follow your advice. You are making it so that your word will be final." Mr. Close didn't agree. But the Senator pursued the subject for a long time and with alternately sad and sarcastic comments. He thought the elimination of the regionals the start of setting up central, national control in the fire business. When the McCarran act was passed, the industry wanted the business regulated by the states so that local conditions would be given consideration. The IRIC move seems a reversal.

"We have no control over local rating bureaus, and they continue as in the past," Mr. Close said. At another point Mr. Close said he was confident that in the foreseeable future there would not be a national fire rating bureau.

Yes but there is all this emphasis on uniformity and stability and a deemphasis on competition, the Senator said. That is not the purpose, Mr. Close rejoined. The national advisory body would recommend such things as uniform wording—that is in the public interest. If a form is litigated in one state, the result will be similar to the outcome of litigation in another state. It would recommend uniform adjustment procedures.

All this would emanate from New York. Doesn't this suggest federal regulation, Sen. Kefauver asked. Mr. Close didn't think so.

The Senator brought out that when there is a conference of rating bureau managers it is held in New York at IRIC, the companies pay the expenses, and IRIC calls the meeting.

Efficiency And Economy

Mr. Close assured the Senator that there is no intent to lessen competition, to get rating away from local responsiveness. The objective is to achieve greater uniformity, increase efficiency, and save some money.

The Senator wanted a copy of the transcript of the IRIC sessions at which nationalization was discussed.

He expressed apprehension when told the vote in IRIC on the proposal to make National Board a fire rating bureau was 25 to 16. "That close, eh?"

Mr. Close said that inland marine and casualty is nationally rated. He added that he believed senior executives have the right to a voice in the price and form of their product. Yes, Sen. Kefauver observed, but members of the casualty bureau write 35% of the total, members of IRIC write 65 to 70% of the fire total.

Mr. Close emphasized that the role of IRIC is to advise rating bureaus on how to do things and not what to do.

Sen. Kefauver asked how much money Great American made in 1958. Mr. Close said $500,000 on premiums of $150 million. But on what capital? On $14,354,000 capital. However, Mr. Close said, that reflects the par value; the investor has to put in about three times that much. That makes about $42 million, and a $500,000 return the Senator considered very good. Mr. Close didn't think so. Then, Sen. Kefauver said, why not pay out part of the surplus to stockholders?

Mr. McHugh told Mr. Close that the subcommittee is especially interested in advisory organizations and the part they play in the business, with emphasis on rates.

"We don't make rates," Mr. Close said.

How does this differ from what the rating organization does in making rates?

What IRIC Does

The bureau compiles statistics furnished by statistical agencies, converts them to earned premiums and incurred losses, adjusts the result to the current rate level, and thus determines whether to ask an increase or decrease in the rate level. If a change is indicated, the bureau determines which occupational classifications of 115 require changing. The sum total of these changes should equal the rate level indication.

If IRIC felt the rates were too low to provide the underwriting profit companies desire, would IRIC resolve the matter?

No, Mr. Close replied, IRIC only recommends. Isn't that rate making, Mr. McHugh asked. No, he replied. But, Mr. McHugh persisted, all the bureau does is assemble the statistics, which is a mechanical function.

IRIC doesn't have the full statistics, Mr. Close observed—only statistical information of past years. It does not possess the information needed to convert that into changes in the rate level. Neither does IRIC have information on occupancy classifications.

"But you do make recommendations designed to effect increases?" Yes, Mr. Close said—and decreases. Where has IRIC recommended decreases? Mr. Close said in Vermont, Utah, and Colorado, that he could recall. Mr. McHugh wanted to know the premium volume in those states. Approximately $75 million, Mr. Close replied. Out of $1¼ billion, Mr. McHugh said.

In response to other questions, Mr. Close said that IRIC, an advisory organization only five years old, had not been examined by an insurance department.

No Supervision

"Your activity in recommending rate changes never has been supervised," Mr. McHugh said. "Isn't this power over rates exercised by private groups without state supervision? If no department examined your records, no supervisory authority knows what you are doing."

"They know our procedures and principles," Mr. Close said. Other questions elicited the fact that IRIC has 125 company members (no subscribers) that write 80 to 85% of the fire and allied business written by stock companies nationally, about 65 to 70% of all fire and allied business. It operates on a budget of $120,000 a year, with nine clerical employes.

What other stock companies operating are not members, Sen. Kefauver wanted to know. Corroon & Reynolds, General of Seattle, North America, Federal, and Allstate, among others, Mr. Close replied.

Mr. McHugh said that since members of IRIC executive committee have subordinate executives on the governing boards of rating bureaus, how could they be "independent" in decisions regarding rates?

Mr. Close said that perhaps one or two subordinates of the IRIC executive committee are on a rating bureau board. However, he saw nothing improper in that if the rating bureau governing committee reached a decision its members thought good for the public and the business, even if it were recommended by IRIC.

Mr. McHugh said he was not suggesting this was improper. He was just wondering how a rating bureau governing committee could be independent in view of its composition. Sen. Kefauver suggested that the bureau committee would be under some persuasion to follow the IRIC recommendation. Mr. Close said he hoped so but that in some cases the committee hasn't done so, on occasion for good reasons of a local nature.

Influence Over Rates

The subcommittee is concerned about how much influence is exerted by IRIC over rates. He read a letter, dated Aug. 15, 1955, from J. L. Erhardt of Royal-Globe, to Jarl T. Sorenson of IRIC, dealing with the serious competition that was developing for utility business. There was also correspondence on the subject from Felix Hargrett of Home to Mr. Beckwith. The non-stock and non-admitted insurer competition was concerning executives. Factory Mutuals and Lloyds were getting into the field. It was suggested that the central lighting and traction committee of IRIC meet and take up rate levels and terms on this business.

Mr. Beckwith indicated that the committee had met a number of times and that it did make certain adjustments it felt were warranted in connection with coverage for electric generating stations nationally.

Mr. McHugh developed that here was a competitive situation the members of IRIC were meeting on a group basis. Such activities are not subject to supervision, he said. He sought also to show that there was concerted opposition to the proposal of the Kentucky department to promulgate rules and standards for deductibles in that state. But Mr. Close said that the discussion of that subject was for informational purposes only. No action was taken. Many IRIC companies, he said, are not opposed to deductibles.

When Mr. McHugh suggested that Mr. Hargrett's proposals in connection with utility business is typical of the reaction of IRIC members to competitive situations of this kind, Mr. Close pointed out that that was Mr. Hargrett's opinion of what ought to be done. "It might not be mine," he said.

The effect, Mr. McHugh persisted, is to tie the industry to the pace of the slowest companies.

That is not so, Mr. Close said. The way the problem was worked out produced more competition. He added that IRIC members are about evenly divided on the deductible issue.

Continental Casualty Has Gains In First Six Months

Continental Casualty and its subsidiary, Transportation, wrote consolidated net premiums of $134,619,005 in the first six months of 1959, an increase of $16,980,497 over the same period of 1958. Consolidated net income from operations amounted to $5,718,202 compared with $4,625,701 for the first half of last year.

Henne Succeeds Schick At Motorists Mutual

Robert E. Henne, assistant claims manager of Motorists Mutual, has been named to succeed Harry J. Schick as claim manager. Mr. Schick was with the company 27 years, starting as a claim adjuster in 1932, becoming assistant claim manager in 1937 and manager in 1949. Mr. Henne has been assistant claim manager since 1954. He joined the company in 1952 as regional adjuster in Cleveland and later became claim manager in Toledo and Cleveland.

Form New Cal. Adjustment Co.

Johnson & Martin, independent adjusters of Los Angeles, has been reorganized, with the new firm name being Pacific Casualty Claims Co., Hollywood, Cal. Paul W. Roy, claim manager for various insurance companies for 15 years, has joined Ray H. Johnson as a principal in the new organization, which will operate in nine western states. Donald C. McKean has joined the company as claims department manager. For 15 years he has been with California State Fund and Howard & Eggert as an independent.

Pacific National Names Goins

Pacific National has appointed Everett F. Goins sales manager of the Pacific division. For the past 11 years he has been with California Compensation & Fire.

Black Gives Views Of Rating Bureaus

(CONTINUED FROM PAGE 2)

Board," Mr. McHugh wanted to know.

"They didn't agree with us," Mr. Black replied.

"You are familiar with the suggestion that a committee of lawyers be appointed to draft a law in accordance with these principles?"

Mr. Black did not recall this, but he agreed that the bureau's suggested course represented his views at that time. He did not agree with Mr. McHugh's interpretation that the purpose here was solely to discourage or prevent independent filings and deviations. That was part of the purpose, but that would not be the inevitable effect of such a law, he said.

There is a lot of competition that is not based on rate, Mr. Black declared. He went on to say that it might be Utopia if there were one rate, and that the public very likely would be benefited. However, that is impossible, he stated. If people with different ideas want to put their money into an insurance company, it is the way of free enterprise that they ought to have the opportunity to lose it.

Two Classes Of "Members"

He indicated he had changed his views since 1956 that it would be a good idea for bureaus to have full members and independent members. The latter would have access to the services, statistical information and other material of the rating bureau but would be free to use such material as promulgated by the bureau or with modifications.

"I do not think any company should be free to drop the bureaus, which are such an important part of the business," he declared. Companies should be free to improvise, but within the bureau.

Suppose companies don't want to join the bureau but just want to improvise?

Suppose, Mr. Black replied, they don't want any part of the bureau's statistics or information. Let them do it themselves, then, he said.

But, pursued Mr. McHugh, suppose they could buy the services?

That, Mr. Black said, was what he was proposing in "independent members" of the bureau.

But if all the companies walk out on the bureau as members and do not handle or face up to their responsibilities of management of the bureau, no one is going to be left to run the bureau, he declared. He said he wanted companies tied to the bureau, but with freedom of action.

However, he added, some protection is necessary against loss leaders. He assumed that would come through the commissioners.

At another point Mr. Black said he favored the partial subscribership principle for multiple peril coverages and that he was also in favor of the M-1 report of National Assn. of Insurance Commissioners.

He said executives did not reach any conclusion to the question of whether partial subscribership would be a good thing for them to follow.

Has Home opposed deviations and independent filings, Sen. Kefauver added.

No, sir, Mr. Black said. There has been some litigation inaugurated by bureaus of which Home is a member. However, Home has voted against that litigation every time except one. That was in North Carolina, when, on one occasion, an executive of Home voted for the action "before I could get to him."

Questioned On Term Rule Revision

Mr. Black was questioned on the revision in the term rule which produced a reduction in the discounts and a resulting rate increase of 6 to 7% in 40 states.

W. W. Allen, vice-president of Home, answered. He indicated how Inter-Regional made the recommendation, which eventually went through rating bureaus to the insurance departments for approval. He indicated that the increase in rate of 6.8% was over a five year period, and was not per year.

Sen. Kefauver asked Mr. Black to prepare for the subcommittee figures on how often recommendations of advisory organizations such as Inter-Regional are rejected by rating bureaus.

Delta F.&C. Now In Receivership

Delta Fire & Casualty of Baton Rouge has been placed in receivership by a Louisiana district court, and Commissioner Hayes has been named receiver. He initiated the court action.

David W. Thomas, founder, president, treasurer and general manager of the company, owns Delta General Agency of Baton Rouge which has a 58.8% stock interest in the insurer. The latter began operations in April, 1952, and at Dec. 31, 1958 reported policyholders surplus of $354,000.

Editorial Comment

Is Advertising Automating Sales?

For many years, practically every business regarded advertising as a supplement to salesmanship—an important one to be sure, but secondary nevertheless. On the marketing team, advertising was the utility player and salesmanship the star. Now the lineup seems to be changing. Advertising has gradually taken a large share of the limelight away from the salesman.

Robert W. Sarnoff, chairman of National Broadcasting Co., has written and spoken with keen insight into this development. He maintains that the world no longer beats a path to the door of the better mousetrap maker. To make sales, even the manufacturer with a better product must first run a survey on who wants mousetraps, what kind and what color, how many, and in what price range. Then, after he mass produces the improved model he must forage for customers—and not on his or their doorsteps but inside their living rooms, dens and even at their breakfast tables.

It is not only the practice of the customer seeking out the maker that has grown archaic, Mr. Sarnoff points out. It has also become less and less possible for many manufacturers to say: "We'll make the product and let the dealer sell it." In varying degrees, depending on the product, it is the manufacturer who must shoulder the selling function if he wants to control and expand his own market.

This profound shift in marketing practice is perhaps the dominant consideration in the profit picture of all modern business, Mr. Sarnoff believes. The executive or the company that ignores the need for a direct marketing link to the consumer is headed for obsolescence. This fact is so basic that even the selling of insurance, a personalized sector of business in which the dealer—the salesman—still does most of the work in finding and selling the consumer, is influenced by it. Despite the essential role of the salesman in this field, competitive strategy dictates more and more help from the home office in the form of a direct advertising approach to potential customers.

The ultimate example of the modern marketing trend is seen in supermarkets and other outlets where the customer makes her own selection, virtually without retail salesmanship. She has become the maker's customer, rather than the dealer's. She buys by brand and label because she has been pre-sold in the house by the maker, even before she sets foot in the store. The pattern of automobile sales provides another illustration. Here, the dealer is an active and vital link between maker and consumer. Yet he cannot initiate enough sales on his own to maintain modern sales goals. The manufacturer must supply the impetus. He must germinate the sale in the consumer's mind by attracting him to the showroom where the dealer can consummate the marketing process.

In recent years, salesmen in every field have been derided for below par performance. Can it be because their function to a large degree has been taken over by advertising? Is it possible that selling—of all things—has partially been automated?

Insurance men may recoil from these questions. They may also be disturbed by Mr. Sarnoff's observations, and some will no doubt note that he has a special interest in extolling advertising. That fact should not deter insurance men from sifting his observations for their application to their business. But here, as elsewhere, the business may find that the most difficult phase of seeking the truth is deciding whether it really wants to know it.—J.N.C.

Personals

John B. English of Chicago, who was recently promoted to Great Lakes regional manager of the Springfield-Monarch companies, and Mrs. Macie Schwerling of Cincinnati were married at Highland Park, Ill. Mrs. English is executive vice-president of the Isle of Capri restaurant at Southgate, Ky., and owner and developer of Macerama, a new housing development in Cold Springs, Ky.

Preston Estep, president of Transit Casualty and of Selective, has been elected chairman of General Bancshares Corp., a holding company for eight midwestern banks and its principal subsidiary, the Bank of St. Louis.

Deaths

THOMAS J. GRADY, 68, president of the Grady & Koch agency of St. Louis, died at Eureka, Mo., after a long illness. He founded the agency in 1944.

ADOLPH T. LAMPUS, 70, agent at Cleveland since 1917, died.

JAMES P. BENNETT, 61, Los Angeles agent and past president of California Assn. of Insurance Agents, died as the result of injuries sustained in an automobile accident July 27.

Mr. Bennett was business manager and comptroller for land syndicates in southern California before entering insurance at Los Angeles in 1933. He was president of Bennett & Hickox agency; president of Little, Bennett & Terry, and president of James P. Bennett & Co. He served as president of the California association in 1956. Earlier he had been president of Insurance Assn. of Los Angeles.

LOUIS GORDON, 84, Elizabeth, N.J., agent, died there after a long illness.

IRWIN D. RICH, 68, partner in the Rich & Cartmill agency at Tulsa, died there of a heart attack. He had been with the agency since 1922.

WILLIAM J. PRIETZEL, president Heritage Mutual of Sheboygan, Wis., died at his home in Plymouth. Mr. Prietzel, who was 78, had been president since 1926 and was one of the founders of the company a year earlier.

JOHN C. KADYK, 59, secretary of Lincoln Casualty, died at Springfield, Ill. He had also been with the Illinois department.

F. SIDNEY HOLT, retired assistant secretary of Aetna Fire who had been in charge of the company's publicity department for more than 29 years before his retirement in 1957, died in the hospital at Hartford. He joined Aetna Fire in 1928 after newspaper experience with the Brooklyn Eagle, the New York Sun and Associated Press. He was named assistant secretary of Aetna Fire in 1948 and was one of the first fire and casualty advertising men to achieve officer status. He was a former president of Insurance Advertising Conference.

CHARLES D. HIGH, 41, head of the Cincinnati agency of Donald G. High & Son, was killed when his automobile ran off a busy street in Cincinnati and collided with a lamp post. Mr. High was on his way to his office at the time. He started in the insurance business as an agent for Penn Mutual Life in 1940 and later took over the High agency in suburban Roselawn on the death of his father.

ELLIOTT MIDDLETON, 83, retired secretary of Sun, died at his home in Montclair, N. J. He began his career with Aetna Fire in Cincinnati in 1899 and was transferred to Chicago several years later. He became manager of Tennessee Inspection Bureau in 1909, assistant manager of Western Actuarial Bureau in 1917, and manager of Pacific Actuarial Bureau in 1920. He joined Sun as secretary in 1923 and retired in 1946 after which he conducted a general insurance business in Montclair until 1957.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, August 25, 1959

	Bid	Asked
Aetna Casualty	186	190
Aetna Fire	68½	70
Aetna Life	251	255
American Equitable	38	40
American (N. J.)	26¼	27
American Motorists	19	21
American Surety	20	21
Boston	33	34
Continental Casualty	135	137
Crum & Forster	68½	71
Federal	51½	53
Fireman's Fund	59½	61
General Reins.	88	90
Glens Falls	32½	33½
Great American	39½	40½
Hartford Fire	184	188
Hanover Fire	37	38¼
Home of N. Y.	52	54
Ins. Co. of No. America	136	138
Jersey Ins.	33½	35½
Maryland Casualty	37	38
Mass. Bonding	33	34
National Fire	124	128
National Union	39½	41
New Amsterdam Cas.	44½	46
New Hampshire	46	48
North River	38½	40
Ohio Casualty	31¼	33
Phoenix, Conn.	78	80
Prov. Wash.	21¾	22¾
Reins. Corp. of N. Y.	21	22
Reliance	45½	47
St. Paul F.&M.	56¾	58
Springfield F.&M.	32¼	33¼
Standard Accident	56½	58
Travelers	94	96
U.S.F.&G.	80½	82
U. S. Fire	29	30

Denzel G. Rogers Named Home Owners Mutual Head

Denzel G. Rogers has been elected president and a trustee of Home Owners Mutual of Chicago. He was formerly vice-president of American Equity group and a director of Reliable. In the business 29 years, Mr. Rogers began with U.S.F.&G. at Baltimore and later became special agent for Iowa and Nebraska, state agent for west Missouri and Kansas and state agent in upstate New York at Syracuse, Rochester and Buffalo, returning to the home office as underwriting manager of the marine department in 1948.

In 1951 he joined Maryland Casualty as marine manager to initiate the company's entry into the inland marine field and in 1955 assumed underwriting supervision of the company's homeowners business. He went with American Equity in 1956.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

ABC

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John N. Cosgrove, Associate Editor
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Raymond J. O'Brien, Advertising Manager

BUSINESS OFFICE
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Charles P. Woods, Sales Director

REGIONAL SALES MANAGERS
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Alfred E. Cadis, Dallas
David Chapman, Des Moines
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Dana L. Davis, Boston
James E. McSurely Jr., Denver
William J. Gessing, Detroit
Clarence W. Hammel, New York
Roy H. Lang, Boston
Howard J. Meyer, Minneapolis
Raymond W. Rieke Jr., Los Angeles
William D. O'Connell, Chicago
George C. Roeding, Cincinnati
A. J. Wheeler, Chicago
Robert J. Wieghaus, Chicago
George E. Wohlgemuth, St. Louis
Robert I. Zoll, Philadelphia

SUBSCRIPTIONS: 420 E. Fourth St., Cincinnati 2. $7.50 per year (3 years, $20); Canada $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy, back copies 50 cents. **CHANGE OF ADDRESS:** Enclose mailing wrapper and form 3579 with new address, and allow three weeks for completion of the change.

Montana Agents Elect Braunbeck

Montana Assn. of Insurance Agents, meeting at East Glacier, elected John Braunbeck, Miles City, president to take office Jan. 1. He will succeed E. W. Thomas, Missoula.

The agents heard talks by Harold G. Evans, president American Casualty, on fire coverage problems, and Commissioner John J. Holmes and Deputy Clyde Gummow, who reviewed features of the state's new insurance code which was passed without amendment to go into effect Jan. 1., 1961.

A resolution was adopted asking Montana Fire Rating Bureau to reconsider extended coverage rates, particularly to differentiate between building and contents, it being the agents' opinion that contents EC rates should be "considerably lower."

Carl Daniel, Butte, will be the new vice-president, and James E. Driscoll, Butte, was reelected to a third term as secretary-treasurer.

Massachusetts Indemnity & Life has been licensed in Arkansas.

OK 6.3% Increase In Mo. WC Rates

The Missouri department has approved a 6.3% average increase in workmen's compensation rates that was sought by National Council of Compensation Insurance. The increase becomes effective Sept. 1.

Superintendent Leggett has rejected a proposal of the council to revise the amount of payroll to be included for premium computation purposes by increasing the present limit of an average renumeration of $100 per week to $300.

The rate increase, which had the approval of Associated Industries of Missouri and organized labor, will have no affect on occupational disease rates.

Anchor Casualty Directors On Agricultural Board

Agricultural has elected as directors T. Parker Lowe, president of Anchor Casualty, and John W. Seegar, president of Seegar-Wanner Corp., Minneapolis. Both are directors of Anchor Casualty.

1958 N.Y. Fire Insurers Experience Given

(CONTINUED FROM PAGE 21)

COMPANY	Net premiums written (Countrywide)	Net premiums earned (Countrywide)	Underwriting Ratios (Countrywide)			Analysis of Expenses (Countrywide)				
			Losses incurred "E"	Expenses (adjusted)	Net gain (adjusted)	Loss adjustment "E"	Commission and brokerage "W"	Other acquisition "E"	General "E"	Taxes and fees "W"
LLOYDS AND RECIPROCAL AGGREGATES										
1954	7,539,007	7,515,818	35.2	36.2	28.6	2.4	9.6	10.4	9.3	4.5
1955	6,634,004	7,177,839	46.0	37.3	16.7	3.0	9.8	10.9	9.1	4.5
1956	6,926,396	7,381,538	41.1	36.4	22.5	3.0	10.4	10.3	8.5	4.2
1957	6,901,989	7,463,892	37.4	36.5	26.1	3.1	11.9	9.7	7.7	4.1
1958	4,388,476	6,703,361	43.3	42.8	13.9	4.5	13.3	11.0	8.5	5.5
REINSURANCE COMPANIES										
Accident and Casualty	$1,059,674	$1,003,059	52.4	55.9	−8.3	4.3	29.2	6.5	11.7	4.2
American Re-Insurance	8,608,574	8,263,024	53.1	46.6	.3	2.1	41.8	2.0	.7	.0
Christiania General	2,920,575	2,875,813	61.1	50.0	−11.1	4.3	42.9	1.5	1.2	.1
Colonial Assurance	243,680	332,465	48.5	56.4	−4.9	3.1	47.5	2.1	.0	3.7
Consolidated American	2,108,660	1,970,308	56.8	47.5	−4.3	3.3	44.0	.0	.0	.2
Constellation	1,333,089	1,208,344	61.3	48.3	−9.6	2.1	43.5	1.5	1.2	.0
Constitution	1,661,282	1,658,193	52.6	48.2	−.8	2.2	43.3	.0	2.6	.1
Copenhagen Reinsurance	2,231,687	2,444,159	59.1	50.6	−9.7	3.1	47.5	.0	.0	.0
Employers Reinsurance Corp.	4,130,110	3,398,386	48.1	50.8	1.1	2.1	45.8	2.1	.7	.1
French Union & Universal	1,146,755	1,079,650	58.4	48.9	−7.3	2.7	45.9	.0	.2	.1
General Reinsurance	7,167,020	6,855,857	53.3	50.2	−3.5	3.1	43.1	1.2	2.7	.1
General Security of N. Y.	2,538,159	3,477,993	58.2	49.0	−7.2	5.2	40.2	.0	3.6	.0
General of Trieste and Venice	1,771,066	1,884,686	62.0	51.1	−13.1	5.1	43.3	.0	2.6	.1
Hudson	664,123	694,155	57.1	49.4	−6.5	2.4	44.5	.4	2.0	.1
International	1,844,318	1,554,413	62.1	37.8	.1	4.1	32.7	.0	1.0	.0
Inter-Ocean Reinsurance	4,741,969	4,724,112	52.4	50.3	−2.7	2.1	44.8	1.6	1.3	.5
Metropolitan Fire Assur.	2,932,796	2,813,172	56.8	47.8	−4.6	3.3	42.3	.1	2.0	.1
Munich Reinsurance	2,366,844	2,124,637	68.5	42.9	−11.4	2.4	38.0	1.5	1.0	.0
New Rotterdam	396,814	353,969	51.3	48.5	.2	2.3	45.5	.0	.3	.4
Nordisk Reinsurance	663,181	526,561	58.7	47.8	−6.5	1.8	43.5	1.2	1.2	.1
North American Reinsurance	13,094,805	12,078,061	51.3	42.2	6.5	2.1	39.3	.8	.0	.0
Northeastern of Hartford	3,838,755	3,488,397	53.5	50.0	−3.5	2.9	45.6	.3	1.2	.0
Paternelle Fire & General	384,071	411,769	60.4	48.4	−8.8	2.2	45.6	.0	.2	.4
Plymouth Reinsurance	423,351	137,756	64.6	57.6	−22.2	1.9	40.2	12.4	2.7	.4
Prudential of Great Britain	3,320,616	3,470,773	57.1	49.3	−6.4	2.4	44.5	.4	1.9	.1
Reinsurance of N. Y.	6,849,876	6,667,753	48.5	45.3	6.2	2.6	39.3	1.2	2.1	.1
Rochdale	834,484	547,474	42.8	54.3	2.9	2.6	48.6	.6	2.5	.0
Skandia	2,656,493	2,776,618	57.1	49.3	−6.4	2.4	44.5	.4	1.9	.1
Skandinavia	1,689,017	1,672,828	61.3	48.8	−10.1	3.0	46.0	.0	−.2	.0
Swiss National	1,250,796	544,117	51.6	50.0	−1.6	4.0	29.0	5.4	11.1	.5
Swiss Reinsurance	16,004,761	14,762,063	51.3	42.2	6.5	2.1	39.3	.8	.0	.0
Tokio Marine & Fire	87,442	55,192	75.4	35.3	−10.7	8.5	2.7	6.2	11.4	6.5
Transatlantic Reinsurance	783,167	660,647	72.2	42.3	−14.5	3.5	38.4	.1	.3	.0
Union & Phenix Espanol	1,576,917	1,610,671	54.8	49.6	−4.4	2.7	46.7	.0	.1	.1
Union Reinsurance of Zurich	2,838,982	2,743,880	54.2	47.7	−1.9	2.3	42.7	.0	2.7	.0
Unity Fire & General	1,989,709	2,141,659	58.4	44.1	−2.5	2.3	37.4	1.5	2.4	.5
Urbaine Fire	1,565,666	1,498,809	59.4	48.3	−7.7	2.5	45.5	.0	.2	.1
Washington General	96,039	64,801	73.4	44.4	−17.8	9.9	4.5	9.2	15.3	5.5
REINSURANCE COMPANY AGGREGATES										
1954	82,225,394	87,034,403	45.0	46.3	8.7	2.1	41.6	.9	1.5	.2
1955	87,671,676	85,312,486	48.5	45.1	6.4	2.3	41.6	.4	.7	.1
1956	95,414,144	88,650,483	55.8	46.3	−2.1	2.6	41.1	.9	1.5	.2
1957	107,076,371	101,421,253	54.5	47.0	−1.5	2.8	41.6	1.0	1.4	.2
1958	109,818,881	104,580,156	54.4	48.8	−1.2	2.7	41.6	1.0	1.3	.1

Pearson NAIA Speaker; Speedup In Program

Drew Pearson, syndicated Washington columnist, will open the first general session of National Assn. of Insurance Agents' annual meeting at Chicago Sept. 21-23. His talk—"Has the U. S. Become a Second Class Power?"—will reflect information and impressions he will gain on a trip to Russia just before the convention.

For this year's program, NAIA has eliminated welcoming addresses and rescheduled the report of the administration which formerly preceded the first speaker at the opening session. Procedural slowdowns will be minimized to attract delegates to the business meetings and workshops. The agents' territorial conferences will be held on Monday morning.

Prepares Complete Ad Program For Agents

(CONTINUED FROM PAGE 1)

each kind of advertising and by months. Each amount should be justified in terms of the result he expects. Once the plan is set up and the budget determined, the agent should stick to it.

This preliminary advice would be valuable in itself, but the company goes much further. It takes the agent by the hand and leads him step by step, through its guide book, to the attainment of a practical program.

All media are analyzed: newspapers, direct mail, radio, TV, phone directory yellow pages, giveaways, billboards, car cards, window displays, film trailers and publicity. The advantages and costs of each are outlined and the agent is told how to proceed in using them and how to get help from the company.

In the case of newspaper advertising, Central Mutual not only provides a complete campaign of ad mats, in various sizes with provision for agency signature, but every time a new policy is issued, a new mat is made available at once for immediate exploitation of the new coverage. In addition, the company runs special cooperative ad campaigns from time to time, built around a timely theme. The agent selects a specified number, and the company pays half the cost of running the special campaign.

The company's direct mail program for "tomorrow minded agents" includes a series of year round mailings in the form of letters to prospects, present policyholders and financial executives. Clever art and catchy gimmicks drive home the point of each letter. The agent's only task is to compile the mailing list, and the company does the rest—writing, printing, and mailing in behalf of the agent whose signature is prominently displayed.

This year, agents had a choice of four time schedules for this four letter series—concentrated spring mailings to take advantage of the peak buying season; concentrated fall mailings at the renewal season; a continuing campaign to permit maximum follow-up, and split list mailings for two concentrated campaigns in one year.

Unusual Direct Mail Response

In addition, Central Mutual sends insured three letters on behalf of the agent to keep customers sold on the latter's service. These are signed by L. G. Purmort, the company's president. The customer relations value of these letters is a valuable adjunct to sales. Mr. Purmort expresses appreciation of insured's business, reemphasizes the advantages of doing business with the company, and thanks the customer on behalf of the company, himself and the agent. The latter's services are "kept sold."

The letters also include an offer of an attractive gift. This year, the gifts included, a budget plan file folder with separate compartments for saving money for special purposes, a mechanical liquid-lead pencil, and an interlocking key holder with separate rings for house and car keys.

Response to these letters has been little short of sensational. For example, on June 9, 64,000 letters were sent with the offer of the key chain. Replies totaled 17,691 or 27.6%. Another mailing of 64,000 with the mechanical pencil offer made on June 15, has drawn 16,892 replies or 26.4% to date. Since the accepted practice in measuring direct mail response is to take the total number of replies to a letter series and divide by the total of names, the campaign has had a 54% return.

Central Mutual has a complete variety of promotional folders and stuffers which it recommends for inclusion with every letter, bill or invoice that leaves the agency office. A complete assortment of self mailers with reply cards is also available. Agents with special direct mail problems can contact the company for help.

The company has provided reliable guides for setting up an agency advertising budget. From its experience, it recommends the following expenditures for agencies of varying sizes. On the basis of expected premium volume of $15,000 to $30,000 the recommended advertising expenditure is 3% to 4.7% of commission income or $185 to $425 a year. Other recommendations on the same basis are: $33,000 to $60,000, 3.5% to 4.1%,or $380 to $455; $60,000 to $100,000, 3.5% to 4.5%, or $620 to $850; $100,000 to $200,000, 3.3% to 4%, or $950 to $1,170, and $200,000 to $400,000, 2.3% to 3.2%, or $13,600 to $1,840 a year.

Central Mutual has also set up model ad campaigns for average agencies. Agents can select the one most nearly corresponding to their situation, and purchase all material from the company. For example, the $15,000 to $30,000 agency in a small town with a widely read weekly newspaper can have a letter campaign to 100 general prospects for $20; letters concerning specific coverages for $60; postcards for $40; 24 one column by five inch mat ads for $120; a yellow page phone listing for $20; and promotion novelties for $50. Total cost for the year's campaign to reach all available markets is $310.

The $200,000 to $400,000 agency's letter campaign to 400 general prospects would cost $80; letters on specific coverages, $100; postcards, $100; newspaper mat ads, $750; radio spots, $100; yellow page listing, $60, and novelties, $150, for a total of $1,340.

In both examples cited, as well as in the case of agencies of various sizes between these extremes, the letters to policyholders from the president, and stuffers and promotion folders are supplied free.

Each year, Central Mutual revises its low cost direct mail program geared to the exact needs of producers. It is not a company campaign but is personalized for the local agent. All sales messages are written from his point of view, and his agency signature appears on every mailing piece. These campaigns sell and resell consumers on the skill and services of the agent.

Central Mutual, in effect, assumes the job of professional preparation of advertising and hands it to the agent in a complete, low cost package. Another example of company assumption of hitherto time consuming agency activity was provided last year when the company introduced in the midwest the Central-Ized Family Insurance Plan under which all policywriting is done by the company. The original policy is mailed to the producer for delivery. Renewals are by certificate. The company handles billing and collections.

To enhance the agent's customer relations and to explain advantages of the plan, on behalf of its producers, Central Mutual has prepared two folders for mailing to insured. The first, sent with the initial policy, explains to insured that by handling the billing, the company is conserving the agent's time to allow him to devote more attention to the customer's needs. An agent, freed from detail, can do a more professional job for insured.

When he receives his renewal certificate, insured is reminded in a follow up folder that by turning over billing and other detail to the company, the agent has made himself more available for personal service—especially fast claim action. The agent is free to spend time analyzing and solving insurance problems. In short, the professional aspects of agency service are highlighted to insured, and enhances his confidence in the agent.

Under the Central-Ized plan, an application must be completed for fire, automobile, casualty and inland marine policies. Under a section of the form headed "remarks," or by a separate memo, the agent gives additional information which will aid the company in judging acceptability of the risk. When budget terms are desired, this is noted in the application.

Other Details

The application is binding on its effective date. If a risk does not meet the company's underwriting requirements, an earned premium is charged for the period protection was in force. A company check is issued for the unearned premium and dividend. The check, payable to insured, is mailed to the agent for delivery. If earned premium is less than $2, it is waived and the premium is refunded in full. Bureau and manual rates are used. Policies are standard in form and subject to Central Mutual's usual dividend.

Prior to expiration, an extension certificate will be issued for a policy period equal to that of the original policy, unless a change is desired. Unless state rules or mortgage requirements do not permit, auto policies are written, as well as extended, for six months. Premiums on the extension certificates are based on the bureau or manual rates at time of extension. A modern budget plan was also made available to agents in 1958.

Central Mutual's marketing procedure is deceptively simple and uncomplicated. It helps the agent get business by taking over the most difficult phases of advertising and sales promotion. It centralizes the business for efficient economical company handling. The company believes this will free the agent to produce still more. Bolstering this program, are the technical and advisory services of field representatives, underwriters and other technicians. The result is a modern marketing program for the company's "tomorrow minded agents."

Insurance Brokers Assn. of Massachusetts will hold its annual outing and golf tournament Sept. 25.

Herd Testifies At Subcommittee Hearings

(CONTINUED FROM PAGE 5)

and associations, orderly progress can be made.

Mr. Wayne's statement then took up the previous testimony of W. Perry Epes, counsel of North America, in order to give the subcommittee facts to determine whether IMIB activity cited by Mr. Epes represented harassment of North America by the bureau, the reverse, or an honest difference of opinion.

Refers To Hearing

Mr. Wayne referred to a hearing before the New York department at which a deviation of Reliance was disapproved, and the bureau was upheld on its position. As quoted by Mr. Wayne, Mr. Epes testified that following the hearing, IMIB instituted rules which prevented members from obtaining deviations until North America's successful deviation in June, 1949. The rules to which Mr. Epes alluded, according to Mr. Wayne, were adopted under the guidance of Vice-President Lucas of North America, then chairman of the executive committee of IMIB.

Mr. Wayne reviewed and documented other contentions between North America and his organizations and concluded with the observation that he believed he had answered the criticisms leveled against him personally and against the organizations he serves.

Morton V. V. White, Allentown, Pa., of the federal affairs committee of National Assn. of Insurance Agents, read a statement summarizing his group's position. NAIA feels that two factors must be weighed in the subcommittee's considerations. The first is freedom of competition. Agents feel that never before have they had such freedom of choice as to cost or coverage from the several companies they represent. That freedom of choice extends beyond agency offices to the public, which will never know that there may be a difference in flavors until it has sampled more than one.

The other matter of vital concern to NAIA is preservation of state regulation. The business has gone through a decade of trial and error under present laws. The public has not suffered, nor have the insurers in terms of volume, unless by their own choice, although their percentage of profit may be lower.

Agents live in mortal fear of federal regulation, Mr. White continued. He said NAIA concurred with previous testimony before the subcommittee by Robert A. Hedges, professor of insurance of University of Illinois, who observed: "I think that smaller mistakes will be made at state level."

Decries Federal Rule

Alfred J. Bohlinger, former New York superintendent, now practicing law in New York, testified that he appeared in a private capacity, and that his views were personal and not those of any of his clients which include National Assn. of Independent Insurers and North America.

Mr. Bohlinger is opposed to federal regulation, unless it can be demonstrated that state regulation has not been in the public interest. He believes that the states and the commissioners have done a good job. Any federal administrative agency created to handle thousands of rating filings a year would be monstrous in size as well as in cost. Federal supervision would not eliminate the need for regulation at the state level, for the bulk of business written is local in character.

Mr. Bohlinger advocated more competition in the business, particularly in fire. He believes state rate regulation should be improved. In this connection, he recommended revisions in the all-industry laws with respect to deviations, minority appeals, partial subscribership and aggrieved parties. Under present laws, bureaus have been able to engage certain companies in numerous departmental hearings and in litigation.

Likes California Law

He believes that in states which require mandatory bureau membership, irrespective of whether such laws contravene the intent of public law 15, consideration should be given to amendments which will not only recognize but establish the right to independent operation. However, he did not wish to convey the impression that the all-industry type of law should be retained. On the contrary, he thinks the intent of Congress in enacting public law 15 will be better implemented by the adoption of the California type rating law which recognizes the right of action in concert but also gives full play to independents.

The California law is more liberal. Members or subscribers to rating organizations there are not required to adhere to bureau rates. In his opinion, companies have been able to compete in rates and forms.

Mr. Bohlinger does not believe that a mandatory bureau law is a desirable approach to a competitive pricing system. He criticized the North Carolina law which makes "everybody a member of the lodge." The only escape hatch there is by the deviation route which has deficiencies. Freedom from compulsory bureau membership does not mean avoidance of regulation or supervision by the state, Mr. Bohlinger pointed out.

He suggested restatement of the intent of Congress in the McCarran act. Questioned on North America's proposed amendment to the act, he noted that it might be desirable to the extent that it clarifies the intent of Congress. He observed, however, that every amendment adds to arguments on the interpretation of a law. He thought well of a statement in the report of National Assn. of Insurance Commissioners committees, quoting the report of the House judiciary committee on the McCarran act which declared against compulsory bureau membership and for competition on a sound financial basis.

North Carolina's Rebuttal

William J. Joyner of Raleigh, counsel to North Carolina Fire Insurance Rating Bureau, upheld that state's law. He said it restricts unrestrained deviations which could impair the solvency of insurers and curtail availability of coverage to insured.

He said that the rating bureau has not taken unnecessary delaying action on deviations, and has never appealed to the courts from a decision of the commissioner on the merits of a deviation. The only appeal in such a case was with respect to the question of whether the bureau had waived its right to be heard.

He charged that in North Carolina North America is interested in obtaining deviations in order to get the cream of the fire business. The company is not interested in lowering fire rates generally. In fact, while pressing for certain deviations, it attempted to get general fire rates increased in order to deviate more comfortably, he alleged.

Early this year, even after Commissioner Gold had pointed out that North America was losing money on extended coverage in North Carolina, the company still insisted on its right to reduce EC rates 10%. That is not reasonable rate making for the public's benefit. It is competition with a vengeance, and the type that North Carolina intends to prevent, Mr. Joyner concluded.